





## NEWS: EUROPE

## Strike paralyses big Italian cities

By Robert Graham in Rome

Italy's big cities were paralysed yesterday by a four-hour general strike called by the trade unions to protest against cuts in pension and welfare benefits in the 1995 budget.

The stoppage was accompanied by over 80 demonstrations, which the organisers said attracted 3m people including crowds of 200,000 in Florence, Milan and Rome. Union organisers, combined with tight police security, ensured there were no incidents.

The peaceful nature of the protest and the prospect of more strikes to come last night looked likely to encourage the government to find a way of resuming a dialogue with the unions. Both Mr Giuseppe Tarantola, the deputy premier, and Mr Clemente Mastella, the labour minister, hinted at this.

The dialogue was broken off two weeks ago when the government decided to go ahead with its plans to find 150,000bn (€200bn) to reduce the 1995 budget deficit, largely through spending cuts.

The strike was called by the three main trade union confederations and had been preceded by a series of rolling stoppages over the previous two weeks in large factories. Similar general strikes were staged against the austerity

budgets prepared by the two previous Amato and Ciampi governments.

But yesterday's stoppage was far more widespread and saw much bigger crowds of demonstrators in all the big cities. Civil servants, who are also at loggerheads with the government over a wage and work conditions contract, stayed away all day, and public transport stoppages were staged at different times in different parts of the country.

Though the demonstrations were well behaved, their tone was angry. The demonstration banners were as much against the budget as against Mr Silvio Berlusconi, the prime minister, in person. Banners contained slogans such as "Berlusconi - more pensions, less television" (a dig at the premier's control of commercial television), and "cut fat-cat salaries, not pensions".

Mr Berlusconi himself was absent in Moscow signing a new friendship treaty with Russia. As a sign of changing times, Mr Berlusconi was the first foreign head of government staying inside the Kremlin - while workers were chanting anti-government slogans on the streets of Italy.

The unions' leadership still hopes to prevent the shake-up in Italy's generous pay-as-you-go state pensions system

hurting the weakest members. Even before yesterday's strike, some members of the government were concerned by the loss of popularity over handling of the pensions issue.

Mr Mastella, whose ministry is in the front line of the issue, has pledged to remedy hardship cases and iron out anomalies. The populist Northern

League, one of Mr Berlusconi's coalition partners, has also said it will seek to soften the impact of the reform when the measures are discussed in parliament. "I hope that as of this evening we can restart the dialogue," Mr Mastella said in a radio interview.

In contrast, the treasury has warned that any extra cost

caused by changes in the pensions reform proposals would have to be made up elsewhere. The budget proposals involve an acceleration in raising the retirement age to 65 for men and 60 for women, reducing the rate at which pension rights accrue, raising the minimum period of contributions, and penalising early retirement.



Striking workers walk through Rome yesterday protesting at government pension proposals

## Pangalos in poll vow to clean up Athens

Transport minister turned mayoral candidate aims to show he has a common touch, writes Kerin Hope

Pink-faced and perspiring in unseasonably hot weather, Mr Theodoros Pangalos, Greece's former minister for European affairs, tramped around the city centre in a back-to-basics campaign to become mayor of Athens.

Mr Pangalos has pledged to get rid of much that lies in his path: mounds of uncollected rubbish, motorcycles parked illegally in pedestrian zones and the street stalls set up by immigrant vendors, often ethnic Greeks from central Asia selling Chinese silk and smuggled caviar.

"The first priority is to clean up Athens, but in the right way. There's been no attempt to reduce rubbish output or organise collection of recyclable materials. The city's waste is still being dumped in quarries without further treatment," Mr Pangalos said.

Contrary to appearances, running for mayor on the governing Panhellenic Socialist Movement ticket in Greece's municipal elections tomorrow is not a demotion for Mr Pangalos. He showed no hesitation about giving up the transport minister's job when asked by Prime Minister Andreas Papandreu to head the socialist campaign in the first serious test of their popularity since returning to power in last October's general election.

Moreover, Mr Pangalos is already seen as the front-runner to succeed the elderly and ailing Mr Papandreu as Pasok's leader, perhaps as early as next May if the prime minister stands for the presidency.

"I'm treating this campaign as an experiment in politics. It's about addressing people's real problems, having a city that works, not about attracting votes along party or ideological lines," Mr Pangalos said.

A stint as mayor would give

Mr Pangalos a chance to demonstrate that he can get things done, dispelling a lingering suspicion in Pasok, based as much on his communist past and years as a university economics lecturer in Paris as on his time at the foreign ministry, that he is too much of an intellectual to rally the party.

Nevertheless, Mr Pangalos has demonstrated his willingness to cater to Pasok's populist streak. As European affairs minister until last June, he made headlines in the Athens newspapers with his outspoken criticism of Greece's European union partners on Balkan issues or relations with Turkey.

True to form, he quickly dismissed his conservative opponent in the race for mayor, Mr Dimitris Avramopoulos, an ex-diplomat, as "a mediocre foreign ministry employee".

Mr Avramopoulos, a former foreign ministry spokesman, has had an inauspicious start to his political career. He won a seat in parliament with the opposition New Democracy at last autumn's election, only to lose it six months later on a legal technicality.

However, a recent opinion poll showed Mr Avramopoulos holding a narrow lead over Mr Pangalos, with almost 20 per cent of voters still undecided. The left-wing candidate for mayor, Mrs Maria Damanaki, the former leader of the ex-communist Left Coalition party, was trailing far behind in third place.

Mr Pangalos acknowledged he is unlikely to capture an outright majority tomorrow. But he appears confident of defeating Mr Avramopoulos in a run-off poll on October 24, with support from left-wing Athenian voters.

Athens has a population of 2.2m but most of its residents are not eligible to vote in local elections. Registered voters

number only 800,000, many of whom have moved outside the city limits in order to escape high levels of atmospheric pollution and noise.

The inner city is now home to a large immigrant population including tens of thousands of Albanians, Poles and a community of Moslems, mostly ethnic Turks from north-eastern Greece for whom Mr Pangalos has promised to find a site for a mosque. It would be the first to be built in Athens since Greece won independence from the Ottoman empire early in the 19th century. The city hall budget has grown from Dr1.2bn (€10m) to Dr10bn over four years, with the launch of ambitious schemes to reduce atmospheric pollution by creating more green areas and building a light tramway around the Acropolis and other historic monuments.

Mr Pangalos plans to invest another Dr10bn yearly in projects aimed at reducing levels of traffic in the city centre. Vehicle exhaust fumes have been identified as the main source of the "nefos", the pollution cloud that envelops Athens in hot still weather.

In spite of traffic restrictions that limit the city's 1.1m private vehicles to circulating on alternate weekdays, pollution levels show few signs of diminishing. One reason is that Athens cars are the oldest in the EU, averaging over 9 years, and few vehicles use unleaded fuel.

Mr Pangalos said: "Athens has a very negative image, both in Greece and abroad. Making more space for people will help to improve it." That, he added, will mean extending pedestrian zones, building new car parks and introducing a fleet of small buses to operate routes in the city centre.

## Clinton pressed on Bosnia arms embargo

By George Graham in Washington

US senators are stepping up their pressure on the Clinton administration to lift the arms embargo on Bosnia in defiance of the UN, France and Russia, its partners in the "contact group" that has sought to bring about a peace settlement in Bosnia.

The deadline set by the US for the Bosnian Serbs to accept a peace plan proposed by the contact group three months

ago will expire today with no sign of a change in their refusal to agree to the proposal, and US officials are working towards a United Nations resolution that responds to this refusal.

The UN, along with other countries that have troops at risk inside Bosnia, has let the US know that it would veto any resolution that contained a firm commitment to lifting the arms embargo on shipments to the former Yugoslavia, which they and many senior officials

in the US administration believe would only make the war bloodier.

But 50 US senators, led by Senator Bob Dole, the Republican minority leader, wrote this week to President Bill Clinton to warn him that they still insist on the US proposing an immediate resolution to lift the arms embargo against Bosnia.

The Bosnian government last month gave the US some breathing space by asking that the implementation of an end to the arms embargo should be

delayed for six months, though it still wants the resolution providing for this lifting to be passed immediately.

The senators complained that "some of our allies seem to be deliberately misinterpreting this compromise, describing it as a request to defer any action on the embargo for six months".

"As supporters of Bosnia's right to self-defence, we believe that any US-sponsored resolution that falls short of the Bosnian government's compromise

position - immediate action to lift, but implementation delayed for six months - would not meet our commitment to Congress," they wrote.

If a resolution were too firm and automatic in triggering a lifting of the arms embargo, however, the UK, France and Russia have made it clear to Washington that they would be prepared to use their Security Council vetoes, although they do not expect that such a resolution would have enough support to require a veto.

## Genscher summons up the old euphoria

By Judy Dempsey in Cottbus, Brandenburg

The audience was small but the applause was loud and long when Mr Hans-Dietrich Genscher walked into the concert hall of Cottbus's music conservatory in the eastern German state of Brandenburg.

With two days to go before a federal election that could see it wiped out, the FDP had brought Mr Genscher - the veteran former foreign minister and still one of the most popular German politicians - out of retirement to recapture some of the support of the 1990 election, when the FDP won over 10 per cent of the vote in eastern Germany. The FDP has failed to win any seats in the last seven German state elections.

Mr Genscher, who was born in east Germany, took one look at his audience, many of them over 50, and glanced at his notes. "Don't forget what was happening this time five years ago," he said. "Hungary had just let the east Germans out to freedom. More east Germans were in the German embassy in Prague."

The audience was clearly transported back to those euphoric days. "I am so excited about listening to Mr Genscher," said 57-year-old Mrs Olga Zickert.

"He did so much for us east Germans back in 1989. He helped us get our freedom. He helped us become united. But people forget very quickly."

Ms Zickert, expelled from the former Czechoslovakia in 1945 because she was a Sudeten German, said she had no doubt how she would vote tomorrow. "The first vote is for Helmut [Chancellor Kohl]. The second for the FDP - because of Genscher."

Mr Genscher continued to tap in to the crowd's memory. "I was sitting at my desk on the morning of November 9

The opposition Social Democratic party (SPD) rang its biggest guns in front of the Bonn press yesterday, arguing that the outcome of tomorrow's election was completely open, writes Michael Lindemann in Bonn.

Mr Rudolf Scharping, party leader, said it was time to modernise Germany, technologically and environmentally. Mr Oskar Lafontaine, shadow finance minister, warned voters of further tax increases if Chancellor Helmut Kohl's Christian Democratic Union (CDU) won a fourth term. And Mr Gerhard Schröder, the state premier of Lower Saxony, carried on doing all he could to charm industry, saying the SPD had to learn to think about production and not just about sharing out the fruits of production.

All three did their best to look as relaxed as possible, even though a final poll by the Allensbach institute shows the SPD on 35.5 per cent, up 0.6 points since Wednesday but 5.5 points behind the CDU on 41 per cent, with its coalition partners the FDP on 7.5 per cent. The Greens are on 8 per cent, and the PDS, the former communists, on 4.

Whether the party could ever have won the election once Mr Kohl's handwagon got rolling is questionable. Either way, Mr Scharping's performance has lacked conviction. The party stumbled over the question of taxation. There has also been confusion about the party's policy on motorway speed limits, a matter of considerable importance to German voters.

In 1989, That evening the wall was torn down. We must not forget that event," he said. And then, to more applause, he said united Germany needed a new beginning. "East and west Germans must work together for a fresh start. We must have inner unity."

Looking at Mr Jürgen Turk, the FDP's candidate for Cottbus, Mr Genscher appealed to his audience to cast their two votes for the local man. If Mr Turk wins, it will be a near miracle. The Social Democrats won a landslide victory in last September's state elections and the FDP failed to enter parliament. "But the collapse of the Berlin Wall was a miracle as well," said Mrs Zickert.

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## Russians ask who to blame for rouble row

By John Thornhill in Moscow

Even by Russia's remarkable standards, this has been a strange week. On "Black Tuesday" the currency lost more than a fifth of its value. Two days later it surged 20 per cent. By the end of the week, Russia had a new finance minister, a gap at the head of the Central Bank, a full-blown political row and a confused public. One can only pity the writer of the briefing papers for the International Monetary Fund's mission, starting work in Moscow next week.

The Moskovskaya Pravda newspaper's headline summed up the mood of the country. "There are two eternal Russian questions: Who is to blame? What to do?" it said. Characteristically, President Boris Yeltsin had few doubts on either score, sacking the acting finance minister, urging Mr Victor Geraschenko, head of the Central Bank, to quit, and setting up a commission - including the repackaged KGB - to investigate the whole affair.

Many people have been blamed for Tuesday's currency stampede, including speculators, communists, and western spies, although no one can give a convincing reason for the scale or speed of the fall. Well informed reform supporters believe it reflected an attempt by conservative ministers to tarnish reform. There may be something to this line but - like most Russian conspiracy theories - it is ultimately unprovable. Besides, the Moscow Interbank Currency Exchange (MICEX) is a small market and prone to volatility. Speculation can easily assume a momentum of its own.

It is simpler, though, to see why the rouble came under heavy selling pressure in previous weeks: the lowering of interest rates, the seasonal increase in credits to the state sector and the rise in inflation from 4 per cent a month in



Geraschenko: told to go

August to almost 8 in September. The government's critics - most prominently, Mr Boris Fyodorov, the former finance minister - claimed the rouble's fall was the natural consequence of this monetary loosening. "If the government wants to know why the rouble fell they only have to look in the mirror," said one currency trader.

This demonstration of the market's power may have created a climate for change and the government appears set to take a decisive step forward - or back. Indecision could be dangerous. Russian economists predict inflation may rise to 15 per cent in October, partly as a result of the currency moves, putting further pressure on the rouble. Currency traders suggest the Central Bank has been left with slender reserves with which to defend itself.

The government has drawn up a tough budget for 1995, forecasting a fall in inflation to 1 per cent a month by the year-end. It may press the IMF to back a strong stabilisation plan.

Mr Jeffrey Sachs, the Harvard economics professor and former adviser to the Russian government, believes it is not too late to make the rouble a stable currency so long as it is backed by an IMF stabilisation fund. "The costs of not doing so could be catastrophic if Russia falls prey to monetary panic and hyperinflation. But the first test is whether the Russians themselves are prepared to live by the rules rather than the often reckless discretion of powerful political figures," he says.

## CENTRAL BANK GOVERNOR QUILTS

Greece's central bank governor, Mr Yannis Boutsos, resigned yesterday in a political dispute over his sacking of the temporary commissioner in charge of the loss-making Bank of Crete, Kerin Hope writes. He was replaced by Mr Loukas Papademos, the deputy governor.

Mr Papademos said the change would not affect the bank's tight monetary policy, aimed at cutting inflation from 11.9 per cent to single digits next year. The bank's exchange rate policy, based on a "hard drachma" which has slipped only 6.7 per cent this year against other European currencies, will also be maintained.

Mr Boutsos, appointed governor 11 months ago by Socialist prime minister Andreas Papandreu, said he resigned "over a question of principle" but gave no details. Banking sources

said he was under pressure to reinstate the commissioner, Mr Kostas Kalivianakis, who has close links with senior Socialist officials.

The Bank of Crete was placed under central bank supervision in 1989 following a \$200m (€126.5m) embezzlement scandal involving its owner, Mr George Koskotas, now serving a jail term for fraud.

The central bank planned to put Bank of Crete on sale this year. Informal discussions had already taken place with ETEVA, a state-owned development bank keen to expand into commercial banking. However, the sale was placed on hold following the Bank of Crete's worsening performance under Mr Kalivianakis. The bank reported first-half losses of Dr3.2bn (€8.6m) year, against losses of Dr1.2bn in 1993.

## Finnish vote on joining EU will pave the way for others

By Hugh Carnegie in Helsinki

The European Union's move to expand from 12 to 16 members next year will be put to a vital test tomorrow when Finns decide in a referendum whether to join the Union.

Recent polls suggest the result will be a clear approval of membership, despite the vocal opposition of the influential farmers' lobby. An opinion poll published yesterday showed 50 per cent of voters supporting membership, with 28 per cent against and 22 per cent undecided.

With Austria having already voted decisively to join, a strong Finnish Yes would reinforce the Yes campaign in neighbouring Sweden and Norway, where opposition to joining is much stronger. Referendums are due in Sweden on November 13 and in Norway on November 28.

Opinion in Sweden is finely divided. Although Mr Ingvar Carlsson, the new Social Democratic prime minister, is strongly pro-EU, two members of his cabinet are prominent No campaigners, leaving the government unable to present a united front. In Norway, polls show Yes votes in Finland and Sweden are vital if opinion is to be swung in favour of membership.

The Yes camp in Finland is also anxious for a clear majority to ensure there is no last-minute move to block membership in parliament, which has the final say. EU membership requires a two-thirds parliamentary majority.

A decisive issue in neutral Finland is likely to be a widespread desire to move the country under the political umbrella of the EU following the collapse of the Soviet Union. Finland was ruled by

Russia until 1917 and subsequently fought bloody wars with Moscow to keep its independence before adopting a neutral stance in the cold war.

Mr Esko Aho, the prime minister, yesterday said Russia had signalled its approval of Finland joining the EU. Finnish membership would make the 1,240km Finnish-Russian border the EU's first direct frontier with Russia. Mr Aho said Russian leaders saw trade and commercial advantages in having Finland in the EU.

But he was also careful to stress that Finland did not intend any significant change in the strategic balance in the region. He said Finland would seek observer status in the Western European Union, but not full membership, when it joined the EU. It has joined Nato's Partnership for Peace initiative, but does not plan to seek full Nato membership.

## Odessa's buses get privatisation on to the road

Change in Ukraine often starts at the local level, bypassing politicians in Kiev, writes Matthew Kaminski

Sergei Mann used to produce movies at Odessa's renowned film studio. But it stood idle for years, like many Ukrainian concerns. So he started a private transport company this summer with the studio's ageing bus fleet, previously reserved for Soviet film stars.

The local evening hot spot, Casino Richelleu, covered renovation costs with advertising. Painted a bright green, the buses brought beachcombers from Odessa's Bolshoi Pontone district to the Black Sea coast. Film Studio Transport, the company, lost money the first week, then never looked back. Disney characters and rubber beach ball promotions quickly

brought customers and profits. "That was all garbage," says a raspy Mr Mann, aged 54, pointing to the buses on the studio lot. "I wanted to use these old buses. And I'm not old. I still want to do a lot." Now he plans five more routes and seeks funding for 50 more buses.

With Ukraine only now bracing for nationwide reform, Odessa's pilot municipal transport privatisation scheme proves that change often occurs at the local level, bypassing unwilling politicians in Kiev. After less than a year, a fifth of the bus routes in Odessa are in private hands. The programme, already in place in 12 cities, will be expanded

to 13 more throughout Ukraine this autumn. It works simply. Routes are advertised and owners picked by bidding. The US Agency for International Development, underwriter of the scheme, provides start-up expenses and legal work. The routes then pay for themselves.

"This is one of the few business opportunities where you can just walk in and start,"

said Mr Jeff Martin, the US agency's co-ordinator. He claimed privatisation in the first five cities reduced government subsidies by \$3m (£1.8m), off an initial \$90,000 investment, and created up to 8,000 jobs for drivers, mechanics, and service supports such as coffee bars near bus stops.

The vehicles usually come from such unlikely sources as collectives and large state companies which no longer use the buses because of closures.

US Aid hopes to expand the programme to link 1,200 small, isolated Ukrainian villages with private inter-city routes early next year. Privatisation also may include other inefficient municipal services such

as waste collection and housing maintenance.

In Odessa, a sprawling coastal city of 1.2m built by Catherine the Great just 200

The owners lament that Ukraine's weak banks cannot finance new buses

years ago, the new choices relieve transport pressures for many who lack cars and live far from the historic centre in large Soviet apartment ghettos. Fares went up, but service improved. On one route that was deemed unprofitable by

the state bus company, three separate companies today compete for the same customers.

Independent mini-vans soon started to shadow official routes to lure away customers. Mr Anatoly Vitkovsky, who owns one of six private bus companies, said regulations remain unclear. But he added that imitation is the best form of flattery.

A former bus driver, who makes \$100 a month - five times a ministerial salary - Mr Vitkovsky explained that his friends at state garages also see the benefits. Many now lease the vehicles and run routes as freelancers. Their daily take, he estimates, surged up from \$3 to \$14.

Business is not painless. Rising competition, even talk of takeover attempts and bankruptcy, worsened Mr Vitkovsky's ulcer condition. The owners lament that weak Ukrainian banks cannot finance new buses. Often they face simple but serious problems such as fuel shortages.

With characteristic Odessan humour, Mr Mann deflected further queries: "There is an old saying: 'Ask me about something easier than business.'"

But Mr Vitkovsky has no regrets. "Odessites used to joke: 'What is a bus terminal?' he said. "A place people were told there will be no bus." They may no longer get it.

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## NEWS: THE CONSERVATIVES IN BOURNEMOUTH

## King of the road keeps to the straight and narrow

Mr John Major's task was straightforward. As one of his senior ministers confided over dinner in Bournemouth this week, it was "to keep the wheels on the coach". The prime minister succeeded.

The coach could yet career into a ditch called Europe. And its driver faces a Commons challenger who is busy installing a new engine in Labour's ancient charabanc.

Next Tuesday Mr Major and Mr Tony Blair will face each other for the first of the confrontations across the despatch box which will set the mood of British politics in the run up to the next general election.

There were noisy distractions in Bournemouth - allegations over the business dealings of Mr Mark Thatcher, Mr Norman Lamont's intervention over Europe, Mr Michael Portillo's emergence as the

Philip Stephens sees pitfalls ahead for John Major as he maps out a future route for the Tory party

unchallenged torch-bearer of the right.

As the right of the party started to erect its roadblocks to any further European integration, there was a stark warning of the fragile state of the Tory coalition over which the prime minister presides. The same ministers who predicted with confidence from the platform that they would win a fifth general election victory were ready to concede over coffee that Europe, like the corn laws and tariff reform before it, is an issue that may tear the party apart.

Some believe the split will happen only if the party is defeated at the general election. Others fear that if France and Germany force the pace then Mr Major's government will fracture over the terms of the 1996

intergovernmental conference on the next stage of integration.

But that is for next year, and the year after. This time the Conservative party left its annual conference in no worse shape than it arrived. It is 20 points or 25 points behind in the polls. It is grumpy, angry, but it is not in open revolt.

Mr Major himself has looked more relaxed in Bournemouth than at any conference since the 1992 election. He decided back in May that he wanted - more importantly, that he would be able - to stay in 10 Downing Street. Since then he has started to gather around him a group of ministers with whom he feels secure. Mr Tony Newton, the leader of the Commons, Mrs Gillian Shepherd, the education secretary, and Mr Ian

Lang, the Scottish secretary, are among those in the inner core.

Mr David Hunt, the public services minister, is proving an effective trouble-shooter. Mr William Waldegrave at agriculture, a useful thinker. Mr Douglas Hurd might well stay on at the Foreign Office until the general election.

The new confidence showed itself during Mr Major's speech yesterday. It will not go down as one of the great orations of political history. He is not that sort of speaker. But it sounded as though it was his own. It started to show us the direction in which he intends to drive the coach.

The rhetorical battle this week has been won by the right. The conference, in which year-by-year the envelope stuffers have been edged

out by more committed activists, is more comfortable with the language of nationalism than with the harsher realities of the world.

But the warm applause for Mr Portillo and his philosophical soulmates went unheeded by Mr Major. His message was one of caution and pragmatism. There will be no more shake-ups in the schools, no more cuts in the armed forces, no more change for the sake of dogma. The prime minister is promising quiet, conservative, competent government. Mr Michael Heseltine still thinks he can win his battle to privatise the Post Office. If he does - and it remains a big if - it will be the last new excursion to the ideological frontiers.

Mr Major, confident that after 15 years the Conservatives have at last

found the formula for steady growth and low inflation, is relying on two more years of economic recovery to revive the government's fortunes. He cannot take it for granted.

The shock of adjustment to a low inflation economy has smothered the feelgood factor. Real personal disposable income, seen by the old hands in the cabinet as the unchallenged determinant of electoral success, is not about to take off. The prime minister is offering the security of a stable economy. The voters might easily prefer pocketfuls of ten-pound notes.

As for Mr Blair, Mr Major has put himself on the side of those determined to keep the Tories on the centre ground, to cast the Labour leader as a counterfeit capitalist

rather than as a closet communist. Others in the cabinet - Mr Heseltine among them - prefer a more robust style and do not worry about the apparent contradictions. But the important message from Mr Major was that there will be no lurch to the right.

All this adds up to a plausible but precarious strategy. Mr Blair has more ideas for Labour. His strategy also is to address the electorate's sense of insecurity - as leader of a government that would manage change. If the government's opinion poll ratings do not improve quite soon, Mr Major's message of consolidation will not be enough for the Tory MPs in the party's marginal constituencies.

But the biggest threat comes still from Europe. Mr Major said yesterday he wanted to keep his coach on a European road. The Tory right could yet force it into a ditch.

## Tories wave the union flag at Blair

By David Owen

Mr Ian Lang yesterday pledged that the future of the union would be at the heart of the next general election campaign by the Conservative party - as he used the issue to launch a sustained attack on Mr Tony Blair.

Signalling that the party's high command thinks it has found a weapon with which to pierce the new Labour leader's armour, the Scottish secretary devoted fully one-third of his speech to picking apart Labour's commitment to devolution for Scotland and Wales.

In a speech that earned him a two-minute standing ovation, Mr Lang conjured up a picture of a Labour government hamstringing in its first year by its promise of a bill to set up a Scottish parliament and a Welsh assembly.

The bill would be opposed tooth and nail and would take up "the entire parliamentary session", he said. It represented for the moment "the sum total of the Blair agenda".

He added: "It is an agenda that is undeliverable. And it represents a failure of judgment of massive proportions."

As speaker after speaker came to the podium to defend the union Mr Adrian Lee, national chairman of the Young Conservatives, said he hoped there would be "no return to devolved government in Ulster".

He said: "Unequivocal unionism is not only principled but it wins votes. If devolution is wrong in Scotland, England and Wales, why is it right in Northern Ireland?"

Addressing this question later, Mr Lang argued that the circumstances of North-

ern Ireland were different.

"I am not averse to having different arrangements within an integrated United Kingdom parliament," he said. "Northern Ireland has a democratic deficit, Scotland does not."

Mr Lang warned that Scotland would have to pay "a heavy price" for the creation of a Scottish parliament, with questions such as the level of Westminster and Scottish MPs' right to vote on all UK matters coming under scrutiny.

He said the government could not go on earmarking funds to ensure "a level standard of public services" if Scotland were given the power to raise and lower its own taxes.

But he acknowledged that Scotland could pull out of the union if it ever became "the preponderant and settled view" of the Scots that that was what they wanted to do.

Mr O.J. Williams, a Conservative from Carmarthen, west Wales, said the party was opposed to "true" devolution, meaning the removal of tiers of administration to give individuals choice over their own lives.

The other parties believed in devolving power to institutions not individuals. The real reason they wanted to do that was to keep power for themselves.

Ms Nanette Milne, an Aberdeen councillor, said it was wrong to assume the whole of Scotland was "crying out" for constitutional change.

She said many people were afraid that devolution would create divisions between Scotland's different regions. There was "a real fear" of rule by "red Clydesiders" and "power-hungry Scottish socialists" if a separate Scottish parliament was set up.

## Portillo the young pretender triumphs

By Kevin Brown, Political Correspondent

With Elgar ringing in their ears, Conservative activists left Bournemouth yesterday reflecting on a week that produced little glory but rekindled hopes that the party might yet recover to win a fifth successive general election.

Unlike last week's Labour gathering in Blackpool, the 111th Tory party conference passed with little sense of occasion, and no great victories or defeats for the leadership.

But Bournemouth was not equally kind to the nearly two dozen ministers who addressed the troops. At least three left with their reputations enhanced. The great bulk did little or nothing to affect their standing. One - a surprise - was a relative failure.

The winners were led by Mr John Major, the prime minister. Buoyed by the absence of a challenge to his leadership he wrapped himself in the union flag to deliver a relaxed and confident speech designed to send supporters away happy.

Mr Jeremy Hanley, party chairman, was a surprise success. He had a bad start, failing to turn up when he was expected. But the representatives gave a warm welcome to his two speeches, laughing at his jokes and cheering his anti-Labour sallies.

The other winner was Mr Michael Portillo, employment secretary, whose four-minute ovation for a clearly anti-European speech was the longest of the week - except for Mr Major's 5½ minutes.

Mr Portillo appeared to have widened his support among rank-and-file activists, but some good judges are already saying that he may come to regret identifying himself so closely with factional politics.

The surprise loser was Mr Michael Heseltine, trade and industry secretary, who won only a two-minute ovation and seemed to have lost his unofficial title of conference darling to Mr Portillo. However, Mr



The new stars and the eclipsed: clockwise from top left, Michael Portillo, Michael Heseltine, Jeremy Hanley and Virginia Bottomley

Heseltine achieved his main aim - showing that he remains as vigorous a performer as ever following his recovery from a heart attack last year.

Mr Kenneth Clarke, the chancellor, delivered a good speech, poorly, throwing away most of the best lines, but was able to claim wide support for his steady-as-she-goes economic policy.

The debate on law and order was expected to prompt criticism of Mr Michael Howard,

home secretary, but did not. Mr Howard was booed only when he made clear that the government favoured voluntary rather than compulsory ID cards.

Among the cabinet middleweights Mrs Gillian Shepherd made a confident debut as education secretary, even though her best ideas were appropriated by the prime minister for his end-of-conference speech.

Others, including Mrs Virginia Bottomley, health secretary, Mr Peter Lilley, social security secretary, and Mr Malcolm Rifkind, defence secretary, delivered largely routine speeches without adding significantly to their support.

The two cabinet newcomers who addressed the conference, Dr Brian Mawhinney at transport and Mr Stephen Dorrell at national heritage, were both regarded as solid performers,

likely to risk a more aggressive approach next year.

There were other winners and losers. Conservative Way Forward, the rightwing lobby group, won the battle of the fringe with the biggest and best attended meetings. In a sign of the times, the Campaign for Europe achieved only a third of last year's turnout.

In spite of boasting Sir Leon Brittan, UK European commissioner, as its main speaker.

## Pledge to boost party structure

By Ivor Owen, Parliamentary Correspondent

New measures to revitalise rundown party organisations in key marginal constituencies were announced by Mr Jeremy Hanley, the party chairman.

Responding to a debate dominated by warnings about the need to boost fund-raising and the number of professionally qualified staff he promised that 80 new agents would be recruited in the next 18 months.

Mr Hanley promised that any funds raised by constituencies in the next two years would be channelled to marginal seats.

Mr Richard English, chairman of the National Society of Agents, underlined the deterioration in the party's organisation by disclosing that there were only a "paltry" 204 agents left.

He said it was unacceptable that there were 154 Conservative-held constituencies without professional agent cover.

Mr Hanley said the 80 new agents would be trained in the most modern campaigning techniques and employed in key seats through a partnership arrangement with Tory Central Office.

Mr Hanley said one of the strongest messages he received from the 500 constituency chairmen he saw during a nationwide tour in September was: "We must all work together to win."

To applause he added: "That goes for our party in parliament too."

## Extolling the country to 'set its sights high again'

By Ivor Owen

In an optimistic assessment of the long-term prospects for the economy Mr John Major told the Conservative conference yesterday that the British people had the opportunity to double their standard of living in the next 25 years.

He won a 5½ minutes ovation for a wide-ranging speech in which he promised to hold to Conservative principles in facing the challenge from Mr Tony Blair's new model Labour party.

Mr Major reaffirmed his determination to oppose federalist developments in the European Union and to ensure that any political settlement in

Northern Ireland was acceptable to the people of the province.

The economy The prime minister said that the progress already made in achieving sustainable growth coupled with low inflation provided the opportunity for the country to "set its sights high again".

Recalling the target set by Mr R.A. Butler when he was Conservative chancellor in 1954, he said: "With the right determination, with the right policies, we have the chance once again to double our living standards in the next 25 years."

Mr Major reinforced the earlier warning by Mr Kenneth

Clarke, the chancellor, that prudence must govern the timing of tax cuts and insisted that there must be no return to the "boom-and-bust cycle" of earlier years.

For this reason it was sometimes necessary to be a "bit puritanical".

Looking forward to the inter-governmental conference in 1996 Mr Major pledged that if he was not satisfied he would "just say no" to changes which would harm Britain.

But he hoped to secure an acceptable agreement because that would be in the best interests of Britain.

In the wider context of foreign affairs he cited the speed

with which the latest crisis in the Middle East had blown up, and said: "Isolationism is a luxury Britain simply cannot afford."

Northern Ireland Mr Major said he would take his "own time" in responding to the decision by the loyalist paramilitaries to maintain a cease fire for as long as it was necessary, as many policemen and troops are on duty in Northern Ireland to protect all the people of Northern Ireland.

Mr Major said: "For as long as is necessary, as many policemen and troops are on duty in Northern Ireland to protect all the people of Northern Ireland."

Mr Major said: "For as long as is necessary, as many policemen and troops are on duty in Northern Ireland to protect all the people of Northern Ireland."

Nursery education Proposals would be "worked up" by Mrs Gillian Shepherd, the education secretary, to provide places for all four-year-olds whose parents wished to take them up.

Health Denying that the government intended to privatise the National Health Service, Mr Major said that the security of mind it provided would not be taken away "while I live and breathe".

Crime While rejecting criticism of Mr Michael Howard, the home secretary, the prime minister acknowledged the need for a more stringent regime in prisons. Prisons should be decent

and Spartan and their role was to "punish and not pamper".

Mr Major said the home secretary was in agreement with him that where this was not the case it would have to change.

Details are to be announced next week of the most comprehensive campaign against drug dealers and traffickers yet launched in Britain. Labour's tax targets

Stressing the difference between Labour and the Conservatives on personal taxation, Mr Major said: "People who have earned well, people who have saved, people who have inherited the fruits of a parent's lifetime work are not the 'undeserving rich'."

There was plenty of confidence that it will all get better from here. "One of the best things this week is that, Jeremy Hanley serving as party chairman," said Mr Robert White-Adams from Weston-Super-Mare.

But the overwhelming concern of campaigners was that this great annual jamboree would be followed by the grim task of drumming up local support in the constituencies.

The conference is really a stitch-up," said Mrs Maureen Mallet, from Maidenhead. "The reality is that the party is coming apart at the roots. Getting supporters - especially young ones - is a near impossible task."

## John and Gill go up the hill to fetch a pail of voters

Learning curve



Number of places in early childhood care and education			
Type of provision	1980	1991	% change
Nursery education	130,997	177,863	36
Reception class	205,673	272,178	32
Local authority day nurseries	28,497	27,039	-5
Private nurseries	22,017	79,029	259
Playground	357,868	428,420	16
Childminders	96,495	233,258	137

Source: National Commission on Education

John Authers says the plan to expand nursery education are likely to be very popular

This is not the first time Mr John Major has talked of his ambition to expand nursery education, which yesterday became a "cast-iron commitment" for all 4-year-olds.

Last December, in an interview with the Daily Telegraph, he said: "It would be an ambition of mine over time to move to universal nursery education. We do not at the moment have detailed plans to do so. We don't have the resources."

At that time the then education secretary Mr John Patten was dismissive of the idea, saying it was "too expensive".

His successor, Mrs Gillian Shepherd, seems rather more sympathetic. Her reaction yesterday was to say: "This is terrific news. I and my department are now geared up for early action." She intends to

complete the "first wave" of expansion in the lifetime of this parliament.

The department is still consulting with different interested groups on how the expansion should be managed. However, Mr Major's speech was taken as a hint that the government hoped to provide "vouchers" which could be used to pay for either private or public nursery provision. He said: "It must promote diversity and parental choice and it must be carefully targeted in a way that expands and does not crowd out the private and voluntary provision."

Several factors suggest expanded nursery education could be popular. First, the sharp increase in the take-up of private nursery care suggests there is rising demand among the middle classes.

Figures produced by the National Commission on Education showed that numbers in private nurseries increased by 259 per cent between 1980 and 1991, from 22,017 to 79,029, while the numbers left with childminders more than doubled. Over the same period provision by local authority day nurseries had dropped.

Secondly, the UK performs poorly in international comparisons. Estimates for 1991 (the most recent figures available) published by the Organisation for Economic Co-operation and Development suggest that the UK trails countries such as Germany, France and Belgium in nursery provision. In the UK 60.7 per cent of four-year-olds were in education, compared with 100 per cent in France, 99.4 per cent in Belgium and 70.6 per cent in Germany.

Several educationalists have published reports in the last year calling for nursery expansion. The National Commission on Education, an independent educational think-tank whose launch was welcomed by Mr Major, called for the phased introduction of universal provision. Its wanted to see 95 per cent of four-year-olds and 85 per cent of three-year-olds in nursery school by the year 2010.

The Royal Society for the encouragement of Arts, Manufactures and Commerce went further, calling for the compulsory school age to be raised from five to six, so that resources could be recycled to offer free half-day learning for all children from the ages of three to five.

Both bodies felt such moves would tackle the UK's growing

problems with adult illiteracy and innumeracy.

Mr Major's pledge may also have been influenced by Labour's exploitation of the issue. Provision is currently at the discretion of local education authorities, and Mrs Ann Taylor, shadow education secretary, this year published Department for Education figures showing that 40 per cent of three and four-year-olds are provided with nursery education under Labour authorities, compared with 13 per cent in Conservative boroughs.

Political reaction was lukewarm. Both Labour and the Liberal Democrats pointed out that former prime minister Lady Thatcher had pledged 22 years ago, when education secretary, to introduce universal nursery education for all three and four-year-olds.

BUT





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## NEWS: UK

Receivers and unions hope buyer will emerge to continue Tyne shipbuilding tradition at Wallsend facility

## Efforts stepped up to sell Swans yard

By Chris Tighe

Attempts to sell Swan Hunter's Wallsend yard, if possible for shipbuilding use, are to be stepped up with separate initiatives planned by the Tyne-side company's union campaigners and receivers.

Mr Dick Gonzalez, the Tyne and Blyth Confederation of Shipbuilding and Engineering Unions chairman at Swans, said yesterday that while he was sad at the break-up of the company's assets, ending hopes of a going-concern sale, Thursday's disposals of its Hebburn and Neptune yards could improve sale prospects for Wallsend, the company's main shipbuilding facility.

Mr Gonzalez said the union campaign to save shipbuilding on the Tyne would continue.

And joint receiver Mr Gordon Horsfield, of Price Waterhouse, said he was planning a new worldwide advertising campaign, probably in early November, focusing on the Wallsend yard.

He said: "I would like to see the Wallsend yard bought by a

company of substance that has pockets deep enough to make the necessary investment to re-establish it as one of the world's leading shipbuilding yards."

The receivers have received some expression of interest for Wallsend.

Yesterday Mr Eric Welsh, managing director of Tees Dockyard, said his company's acquisition of the Hebburn site and its huge dry dock meant Britain could repair large vessels which had previously gone to Germany, Sweden, France and Spain.

The Hebburn dry dock, 259 metres long and 44 metres wide with the capacity to take 150,000 tonnes ships, is the biggest on Britain's east coast.

Mr Welsh said that within three weeks the new business, Tyne Tees Dockyard, should see its first ship arrive at Hebburn, a site little used by Swan Hunter in recent years.

Mr Welsh, chief executive of the new company, hopes its permanent workforce will reach 300 in a year, with others on contract.

Ship repairer A & P Apple-dore, buying the Neptune yard for extensive refitting of large ships, hopes to create 150 to 200 new permanent jobs.

Mr Gonzalez welcomed the prospect of new jobs and the retention of the sites for marine industry use.

Price Waterhouse has until now put Swans' break-up value at £7.3m but it seems that it may fetch nearer £8.5m. Mr Horsfield said that in the light of disposals so far more than £7.3m was likely. Apart from Wallsend, the other substantial asset to be sold is Swans' UK intellectual property.

On Monday the unions will ask Price Waterhouse to make November 3, when Swans' last ship leaves, an open day for past and present employees, their families and supporters.

Mr Gonzalez said: "We'd like to see everybody there so we can march back out with our heads high. They haven't broken the spirit of Tyne-side."

Mr Horsfield said if approached with the request he would make every effort to accommodate it.



New dawn: Swan Hunter's Wallsend yard, where the receiver hopes for a buyer "with pockets deep enough" to re-establish its status

## Council workers win up to 6%

Nearly 1.5m local-government employees will get pay rises ranging from 4 per cent to 6 per cent over 19 months for blue-collar staff and 21 months for white-collar staff, David Goodhart writes.

The two-stage deal, which was agreed yesterday, brings together the settlement dates for both groups and ushers in a harmonisation of conditions.

Mr Jack Dromey, national official of the TGWU general union, welcomed the step as "the end of second-class status for blue-collar workers".

Although the pay offer was increased slightly yesterday it is at the lower end of settlements, especially for white-collar staff.

Staff will receive a first increase of 1.5 per cent plus £100, together worth an average of 2.3 per cent, which will be backdated.

The second increase of 1.4 per cent plus £100, together worth an average of 2.2 per cent, will be paid from next June.

## Warning on prison inmate numbers

The number of people in prison has risen to more than 50,000, the highest level since 1988, the Prison Service said yesterday.

Prison officers warned last night that jails faced riots as a result of overcrowding as prison governors blamed growing numbers of unconvicted people for the inmate numbers.

Twenty-one new prisons with 11,285 extra places built since 1985 have proved insufficient, and the Prison Service admitted it might have to build emergency accommodation.

## Lord Taylor raps race offence plan

A specific offence of racially motivated violence would reduce the prosecution's ability to secure convictions, the Lord Chief Justice warned last night.

Lord Taylor said: "The new offence would, by creating a whole new element for the prosecution to prove, actually have reduced their ability to secure convictions."

Lord Taylor, speaking to the National Association for the Care and Resettlement of Offenders' race issues advisory council, also rejected a recommendation from the Royal Commission on Criminal Justice that, in some cases, juries should be required to contain a quota of people from the ethnic minorities.

## Hospital haggles over refinancing

Health Care International, the private hospital near Glasgow which last month hit a financial crisis just three months after it opened, was still in negotiations last night over a refinancing package.

Although the syndicate of banks had set a deadline of yesterday for the hospital to secure a further £15m in funding, the company said last night that negotiations were expected to continue into next week.

## Canning jobs to go

Hobson, the food manufacturer, is to close a canned-vegetables factory in Suffolk with the loss of 350 jobs. Production at the cannery has already ceased, Hobson said.

## BA to end Concorde service to Dulles

By Paul Betts, Aerospace Correspondent

British Airways yesterday said it was suspending its loss-making Concorde scheduled service between London and Washington DC after 18 years.

BA, which will continue to operate its profitable twice-daily London-New York Concorde services, plans to develop supersonic charter flights for the US market.

After the end of its three-weekly scheduled Concorde Washington service from November 8 BA will permanently base one of its seven Concorde at New York's JFK airport.

The airline yesterday said there was increasing US demand for Concorde charter flights.

BA has already won business to operate a weekly Concorde charter flight between New York and Barbados for three months starting in December. The flight takes two hours and 20 minutes - half the subsonic journey time.

BA said: "We see possibilities for expanding charter services from New York to South America, Bermuda and Mexico."

The scheduled Washington service, which was Concorde's first transatlantic route, has averaged passenger loads of only 30 per cent compared with an average of about 70 per cent for the New York service, which has round-trip ticket prices of more than £5,000.

The suspension of BA's service to Washington's Dulles airport means that New York is the only US destination served by regular supersonic scheduled services from London Heathrow - operated by BA - and Paris Charles de Gaulle, operated by Air France.

Air France has already stopped scheduled Concorde flights between Paris and Washington.

## NHS prescribing list backed

By Daniel Green

The government yesterday appeared to back plans to introduce mandatory tests that would require new NHS medicines to prove themselves to be economic or medical improvements on older rivals.

It praised proposals by the Commons health committee in July that would give new drugs five years' grace after they were approved for sale. After this "those which were found to be less effective, or more expensive with no therapeutic advantage, than competitor drugs would be excluded from being prescribed on the NHS", said the select committee in July.

The Department of Health's response to the report yesterday said that it was consider-

ing such "national prescribing list" schemes.

The department said: "The way in which such a scheme might operate is well described by the select committee."

The NHS drugs bill is rising faster than in most big countries, with the exception of the US, in spite of last year's 2.5 per cent price cut imposed by the government through its Pharmaceutical Prices Regulatory Scheme.

The prospect of a national prescribing list improving cost-effectiveness was backed by the Labour party.

Mr David Blunkett, shadow health secretary, said the government needed to "examine with more urgency the potential of a national prescribing list" which would direct research by drug companies

towards examining the cost-effectiveness of new drugs, which would be of more use to the NHS.

Mr Joe Collier, a committee member, said: "This is a very exciting development and I'm delighted that the Department of Health appears to warm to it."

The Association of the British Pharmaceutical Industry, which has long resisted radical reform to the way in which drugs are assessed and prescribed in the UK, attacked the proposal.

It remained "convinced that any such list restricting the availability of medicines would not be in the interest of patients and would also adversely affect the search for much-needed new treatments". It said the health department

had conceded that a national prescribing list would not be cheap or easy to operate. Such a scheme would be radical even in a world where health-care reforms are being considered by many countries. So far, only Canada and Australia have insisted on considering the economic impact of individual drugs.

The department rejected the committee's recommendations that prescription charges and the number of people eligible for free prescriptions be cut.

It also rejected the committee's concerns that the drug industry's voluntary code of practice for marketing to doctors might be being breached and that statutory restrictions on promotional activities such as gifts and hospitality were not being enforced.

## Heseltine leads business visit to Malaysia

By Kevin Brown, Political Correspondent

Mr Michael Heseltine, trade and industry secretary, was due to leave London last night for the first visit to Kuala Lumpur by a cabinet minister since Malaysia ended a seven-month trade dispute.

The visit marks a significant warming of the relationship between London and Kuala Lumpur, which was deeply strained by British newspaper reports of attempts by UK companies to bribe Malaysian officials.

In a sign of the importance attached to the trip by the government Mr Heseltine was accompanied by a big group of senior businessmen from manufacturing, construction and service companies.

He will meet several Malaysian ministers for talks, including Dr Mahathir Mohamad, prime minister, Mr Anwar Ibrahim, deputy prime minister, and Mr Rafidah Aziz, trade minister.

Mr Heseltine said the visit was intended "to explore ways in which we can build on our existing relationship by identifying new areas of co-operation".

Malaysia gave no reasons for its decision five weeks ago to end its ban on government contracts for UK companies. The embargo is believed to

have caused substantial damage to British businesses.

The ban excluded companies such as GEC, Balfour Beatty and Trafalgar House from bidding for potentially lucrative contracts for South East Asia's largest infrastructure project, an international airport south of Kuala Lumpur.

British bidders were also excluded from tendering for some contracts in Malaysia's power sector and for some construction projects. The ban did not prevent British companies from continuing to bid for private-sector business.

The businessmen travelling to Malaysia include Dr Terry Harrison, chief executive of Rolls-Royce; Sir Colin Chandler, chairman of Vickers; Sir Robin Biggam, chairman of BICC; Sir John Banham, chairman of Tarmac; Mr Douglas Gadd, chairman of GEC Alsthon; and Mr Martin Laing, chairman of John Laing.

Mr Heseltine said: "The Far East market is a real test for the competitiveness of British companies. The opportunities are there. We must seize them before other countries do."

Britain's relations with Malaysia had been difficult even before the recent trade dispute as Dr Mahathir followed a "buy British last policy for almost a decade in retaliation against increases in fees for foreign students at UK universities.

## Accountants set up review body

By Jim Kelly

The Institute of Chartered Accountants in England and Wales yesterday confirmed it has set up a working party to consider the future regulation of the profession.

The move, which marks a watershed in the institute's attitude to the present system of self-regulation, brings the professional debate on standards into the public arena.

The review will be seen as another blow to efforts to forge agreement on reform between the six leading accountancy bodies which meet on the so-called Bishop committee.

Mr Chris Swinson, a partner with BDO Stoy Hayward, will chair the working party, which will bring proposals before the institute's annual conference in January.

Mr Swinson said: "The paper will review tensions which exist in the regulatory framework and ways in which they can be relieved."

The move brought a sharp reaction from ACCA, the body representing certified accountants, which recently floated plans for a general accounting council for the profession.

That plan was described by Mr Roger Lawson, the institute's president, as "dead on

arrival" and an abdication of the profession's responsibilities.

Ms Anthea Rose, ACCA chief executive, said yesterday: "There appears to be confusion in the institute hierarchy about what it actually does want."

The institute's review is likely to focus on trends such as rising public expectations of accountability and the loss of privileges in the profession.

Mr Andrew Colquhoun, the institute's chief executive, said the debate mirrored that in other professions facing regulatory problems, such as lawyers and chartered surveyors.

Mr Swinson said that tensions existed between the role of the institute in regulating standards on behalf of the government and its traditional role in monitoring ethics and training.

The institute said its plans for a review pre-dated ACCA's announcement of its scheme for a general accounting council. It saw debate about structures as following on a long debate on the issues.

The working party's other members are all senior members of the institute's council. They are Mr John Collier, Mr Douglas Lambias, and Mr Ian McNeill, former president.

## DTI jumped the gun on aid for Jaguar X200 project

By Kevin Done, Motor Industry Correspondent

Ford, the US carmaker, has not yet applied for state aid to build a new range of smaller Jaguar sports saloons in the UK, the Department of Trade and Industry said yesterday.

The department withdrew a statement made last weekend that the government had

already "made an offer" to Ford and that it was now "discussing the details".

The earlier statement had arisen from an "internal misunderstanding" between officials. It said: "We have received no formal application, and no offer has been made."

We are aware, however, that the company may be seeking funds in due course."

Earlier this year the government was forced to provide about \$9.5m in selective regional aid to persuade Ford to build another car, the successor to the Jaguar XJS sports car. In Coventry rather than at a Ford plant in Portugal.

Mr Alex Trotman, Ford chairman and chief executive, who has met Mr Michael

Heseltine, trade and industry secretary, several times in recent months, said last week that the \$9.5m grant for the XJS replacement project "would pale by comparison" with the aid needed to ensure that the sports saloon, code-named X200, is built in the UK.

The company is studying the alternatives of building the new car range either at Jaguar's existing Coventry plant or at one of its US plants at Wyom, Michigan.

Ford, which took over the UK carmaker for £1.6bn at the end of 1989, has for the past couple of years been preparing a project to build a range of smaller Jaguar sports saloons.

A formal decision is not expected until next year. The Jaguar is expected to be

developed from the same chassis platform as a new range of luxury cars to be sold under Ford's Lincoln/Mercury brandnames.

The new car would be an addition to the Jaguar range and would more than double output to more than 100,000 a year by 1998-99. The car is planned for launch in 1998.

## Dame Shirley leads Westminster auditor down legal side street

Dame Shirley Porter, the former leader of the Conservative "flagship" council of Westminster, is a formidable opponent.

Monday was to have seen the start of hearings by the council's district auditor, Mr John Magill, on whether he was correct in his provisional ruling that she and eight others should pay £21.25m in surcharges to repay money wasted on an alleged scheme to rig the 1980 local elections by selling homes in the borough.

At the hearings on Monday he would have allowed both sides to give their version of events, before making a final decision on the surcharge, which he can enforce.

But yesterday afternoon Mr Magill announced that he was postponing the hearings, after requests from Dame Shirley's legal team. Her lawyers are arguing that Mr Magill, who now has "quasi-judicial powers" should not officiate as he has already investigated the case and given a provisional view.

Mr Anthony Scrivener, the

barrister and former chairman of the Bar, who has been retained by Dame Shirley, last week tried to persuade Mr Magill that he should disqualify himself from taking any further part in the case.

He said: "A judge does not announce his findings, provisional or otherwise, halfway through a case."

Mr Magill appears to be taking the arguments seriously, and so Monday's session, in the Westminster city council chamber in Marylebone Road, will be devoted to legal arguments over whether he should hear the case. If he disqualifies himself, he said yesterday, the hearings into the homes-for-votes allegations "will not take place".

The hearings are potentially deeply embarrassing for a government now preoccupied with rebutting allegations of "sleaze", as the national Conservative party had strong links with Dame Shirley's regime.

Baroness Thatcher, the former prime minister, hailed Dame Shirley's council as a



Dame Shirley's lawyers say John Magill should not officiate

"flagship", and the Tories' victory there in the 1980 council election was proclaimed as a vindication of the poll tax, which was introduced that

## Hearings over allegations of 'homes-for-votes' could now be shelved, reports John Authers

place. If the hearings do take place, they are expected to last between six and eight weeks.

Labour councillors who made the first objections to the policy will make their case first.

They have hired Mr Andrew Arden, a barrister, who will be able to quote from the 6,000 pages of documentary evidence collected by the auditor but not previously published, including confidential council documents.

Their attack will concentrate on the policy of "designated sales", in which council flats were left empty until a buyer could be found for them. The objectors say that the aim was to replace council tenants, likely to vote Labour, with owner-occupiers who would be more likely to vote Conservative. After 1987, when the policy was expanded, these prop-

erties were concentrated in eight marginal wards, where the Tories believed the next election would be decided.

Mr Magill's provisional view endorsed this allegation. He said he was minded to find that electoral advantage was "the driving force behind the policy of increased designated sales" and that this also influenced the selection of properties designated for sale.

Provisionally, he said the council had been engaged in "gerrymandering", which was "a disgraceful and improper purpose". The recommended surcharge relates to spending on the designated sales programme between 1987 and 1989.

The 10 people recommended for surcharge were Dame Shirley, Mr Barry Legg, former chief Tory whip and now MP for Milton Keynes, Mr David Weeks, council leader after

which involved planning and environmental policies. Dame Shirley will also have the chance to put her case. Westminster council started the designated sales policy in a limited form, in 1974 and continued until January. Dame Shirley and her colleagues were elected on a platform of selling council houses.

Westminster officials say the council has unique problems. House prices are among the highest in the UK, more than half being valued at £130,000 or more, making it prohibitively expensive to accommodate homeless people in the borough. Space for new housing developments is limited.

According to the council only 21 per cent of Westminster homes were owned by their occupiers in 1981. This figure rose to 35 per cent after the designated sales policy was implemented - still well below the national average of about 60 per cent. The council says designated sales were intended "to generate home ownership opportunities to meet the massive unfulfilled demand".

But the objectors will also say that the designated sales were only part of a broader strategy of "social cleansing"

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# City plans business levy to boost transport

By Andrew Taylor,  
Construction Correspondent

Plans to establish a private-sector fund worth up to £500m, financed from a business levy, to pay for improvements to London's ageing transport infrastructure are expected to be announced by the City Corporation soon.

A report by the London School of Economics establishing the best method of raising private funds is

expected to be published by the corporation in the next few weeks.

This is likely to recommend a voting mechanism which would allow businesses to choose directly which projects they wished to support. The corporation hopes this would overcome potential Treasury opposition that the financing scheme should be included as part of public sector borrowing and disallowed.

Under the plan companies operating in central London would pay an

additional levy, based on the business rate, to an independently managed fund. This would be able to use the income to raise money in the international bond market.

Mr Michael Cassidy, chairman of the City's policy and resources committee, said a central London fund might be expected initially to raise a total of between £300m and £500m.

He said similar schemes existed in a number of other cities. A payroll tax on employers in Paris had helped

pay for the development of the RER high-speed underground railway network.

Mr Cassidy said a London fund, based on partnership between business and local authorities, could be used to finance projects ranging from small local schemes approved by businesses in individual boroughs to big projects benefiting the capital as a whole.

This might include a business contribution to projects such as Cross-

Rail, a £2bn scheme to improve the capital's east-west rail links, which was rejected earlier this year by a parliamentary committee and which the government is still seeking to revive.

London businesses have complained consistently about the poor state of the capital's transport systems. Companies may be encouraged to accept a small levy, given that local authority business rates in London are expected to fall next

year following a property revaluation.

A study by the London School of Economics last year estimated that an additional penny rate would raise £38m a year in inner London and £54m in Greater London.

The Treasury has steadfastly opposed taxes dedicated to single purposes but other ministers are more likely to support the scheme, given the slow progress of the government's private finance initiative.

## BBC secures lottery showtime

By Raymond Snoddy

Camelot, the National Lottery operator, has finally reached agreement with the BBC on televising the draw that could create millionaires most weeks between November 19 and September 2001.

An official announcement of the deal, the result of months of negotiations between Camelot, the BBC and the Office of the National Lottery, is expected early next month.

The hope is that the opening hour-long programme, to be hosted by Noel Edmonds, might top the UK television ratings with potential audiences of between 18m and 20m.

The expectation is that the regular half-hour programme, which will probably be scheduled at about 8pm on BBC1 could challenge top-rating programmes such as Coronation Street and EastEnders.

All around the world, live television is a big part of generating publicity and excitement for national lotteries. The Camelot-BBC approach is for a relatively unusual programme by international standards - there are unlikely to be magicians or dancing girls.

Choosing the six winning numbers out of 49, with a seventh ball to choose intermediate £100,000 winners, is likely to take only a couple of minutes.

One of the formats under consideration would involve other games of chance. Other elements could involve good news - human stories of winners and how the prizes will affect their lives, although players will have a right to privacy if they choose.

As money starts to flow to the five good causes which will benefit from the National Lottery proceeds - the arts, charities, a millennium fund, the national heritage and sports - there will also be stories about how the money is being spent.

The programme will be under the overall control of Mr Michael Leggo, head of entertainment at BBC Television. When Camelot launches its scratch-cards in addition to the main computerised draw in the spring there will be a second mid-week television programme.

The Camelot consortium, which brings together Cadbury Schweppes, Racal Electronics, De La Rue, Gtech and ICL wanted to launch with the BBC from the start.

Not only was the corporation seen as the right environment to launch what Camelot hopes will become a national institution in its own right, but the BBC could also offer national, regional and local radio coverage.

The Camelot approach has been to try to get the best of both worlds by putting the draw live on BBC and advertising the National Lottery on ITV.

ITV, which ruled itself out of the competition to broadcast the draw and scratch-card draw, largely it said because of regulatory difficulties, will almost certainly run the winning numbers within seconds of the BBC draw.

ITV is then likely to schedule one of its most popular programmes at the end of the lottery show to try to win a large proportion of the BBC1 audience back to ITV.

Mr Nicholas Hinton, the chief executive of the Millennium Commission, was last night dismissed just before formally taking office.

The issue that led to Mr Hinton's departure appears to have involved a deflation of his role. The commissioners may have been more hands-on than Mr Hinton expected.

Michael Smith

# Major prepares Molyneux gambles on lasting peace

## Tories for talks with Sinn Féin

By David Owen and  
John Murray Brown

Mr John Major yesterday began preparing the Conservative party for talks between the government and republican leaders while insisting that a premature response to the loyalist and IRA ceasefire was expected.

As Northern Ireland enjoyed its first day free from the threat of sectarian violence for 25 years the prime minister told Conservatives in Bournemouth that his cautious approach had paid dividends. "If I had listened [to those urging me to hurry] we would not today be where we are with the guns stilled and the bombs stopped," he said.

But he balanced this with an assurance that the government would enter the "window for peace" if it could do so "with honour and with consent".

He said: "We cannot let history freeze us into inaction." His speech followed a lunchtime telephone conversation with Mr Albert Reynolds, the Irish prime minister, in which the two men took stock of recent developments.

They discussed the much-delayed framework document with which their two governments hope to inject momentum into the political talks process involving the province's main constitutional parties, but are not thought to have fixed a date for their next meeting.

Downing Street said both prime ministers were "greatly encouraged by the loyalist ceasefire in the context of overall progress over the past six weeks".

Dublin described the exchange - which came after

Mr Reynolds reacted to Thursday's loyalist announcement by urging Mr Major to respond positively to the new situation - as "very useful".

The idea that London should open a "reversible" dialogue with Sinn Féin, the IRA's political wing, will be considered by Mr Major and cabinet colleagues next week. Ministers have acknowledged that talks could start by Christmas.

Sinn Féin representatives will probably have started by this time to participate in Dublin's Forum for Peace and Reconciliation, which Mr Reynolds expects to get running next month.

The forum will be attended by all leading political parties in the Irish Republic as well as the mainly Catholic Social Democratic and Labour party and the non-sectarian Alliance party. Unionists have declined to take part.

Speaking on the eve of the Ulster Unionist party conference in Carrickfergus, Mr Major paid tribute to Mr Jim Molyneux, saying the UUP leader had been right that the most significant aspect of the 44-day-old IRA ceasefire was "the victory of ordinary people over the terrorists".

The loyalist ceasefire was "another victory for ordinary people", he said. "Today, for the first time in a quarter of a century, the people of Ulster have woken up to peace. Our determination must be to make that peace permanent."

Speaking within days of the 10th anniversary of the Brighton bomb, when the IRA attempted to murder the British cabinet, he sought to reassure unionists that British troops would not be withdrawn from Ulster prematurely.



Loyalists celebrate the paramilitaries' ceasefire declaration outside Belfast City Hall early yesterday

## So far, the UUP is backing its leader, says John Murray Brown

As the Ulster Unionists, the province's largest political party, gather in Carrickfergus today for their annual conference, Protestants and Roman Catholics remain far apart.

Both nationalist groups - Sinn Féin and the moderate Social Democratic Labour party - are opposed to any form of "internal solution", while unionists stick to the principle that no change to the status of Northern Ireland can take place without the agreement of the majority.

With the emergence this week of a potential third force in unionist politics, with the disavowal of violence by loyalist paramilitaries, there is a danger that unionism, already riven by bitter dispute between the UUP and the more hardline church-based Democratic Unionists, led by Rev Ian Paisley, will be further fragmented.

Loyalist paramilitaries would appear to share the view of the UUP leader, Mr James Molyneux, that "the union is safe". The DUP remains more sceptical. Mr Peter Robinson, Mr Paisley's would-be heir, said in the Irish Times yesterday that it was "folly to rely upon the word of any man, especially one who has publicly lied about Northern Ireland in the past".

Pilloried by hardliners, Mr Molyneux risks being seen as another seller-out of unionist interests. Obviously, some are comparing his performance with the late Brian Faulkner, unionist leader and Northern Ireland premier, who was forced to resign after criticism of his signature of the Sunningdale Agreement in 1973.

Some worry that the current round of negotiations go much further than Sunningdale.

Mr Molyneux has put his political reputation on the line by endorsing a deal being drawn up between London and Dublin which at the very least

will seek to increase Dublin's role in the affairs of the province. None the less, even if the policy fails and the violence resumes, observers believe Mr Molyneux could still emerge with honour for having given peace a chance.

"There's no point in us giving concessions to the nationalists in negotiations if we can't deliver our people. We're not going to cross the Faulkner line," said Mr Chris McGimpsey, a UUP councillor. So far, there is no sign of dissent within UUP ranks. Mr Molyneux has shown himself a skilful party manager, balancing the different shades of opinion, and giving real powers to some of his brighter lieutenants - Mr Ken Maginnis, his security spokesman, or Mr David Trimble, who advises on legal issues. The impression is often that these men, not Mr Molyneux, are driving policy.

Mr Molyneux's time in backing the UK government is now seen to have been taken up by the political representatives of the loyalist paramilitaries, with Mr David Ervine of the Progressive Unionists saying Protestants had nothing to fear from the framework document which London and Dublin are expected to conclude in the next two months.

And unlike Mr Paisley, some in the UUP have acknowledged that if the IRA was to announce a permanent ceasefire, Sinn Féin, the IRA's political wing, could be drawn into the democratic process. The fringe parties now representing loyalist opinion also concede that they may be in talks with Sinn Féin in the near future.

With the loyalist ceasefire, and after this weekend's UUP conference, Mr Major will be in a much better position to assess the unionist mood and judge whether the time is right to start the process of bringing Sinn Féin into talks.

# Judgment deals blow to Merrett Names

By John Mason  
and Ralph Atkins

The legal action brought by almost 2,000 Lloyd's Names against the Merrett syndicate 418 suffered a setback yesterday when a High Court judge dismissed the claims made by almost half those who sustained losses.

Mr Justice Gatehouse ruled that the claims of almost 1,000 of the Merrett Names had been made "out of time" and therefore could not go to a full trial. Lawyers acting on behalf of

the Names said they would appeal.

The Merrett Names are one of the three biggest groups of losses, along with those belonging to the Gooda Walker and Faircliff syndicates.

Names on syndicate 418 sustained substantial losses in the 1985 year over asbestos and pollution claims. To date these losses total £135m but the account has not yet been closed because of uncertainty about the scale of liability claims.

Names estimate their losses

could rise to about £765m.

The Names affected by yesterday's ruling became members of the syndicate before 1984 but did not issue their writs until last year. Their position has always been in doubt because this meant that they failed to register their claims within the statutory six-year limitation period.

In a preliminary hearing the Names said that they should be exempted from the six-year rule. They said that they did not have sufficient information to bring a claim until May 1990

and that important knowledge that affected their actions was deliberately concealed from them.

The judge dismissed their applications, ruling that a letter from the Merrett managing agents sent in April 1985 and subsequent reports and accounts gave claimants enough information for the six-year period to start then.

The main action in which the remaining Merrett Names are suing Merrett Syndicates, its auditors Ernst & Whinney

and the members' agents is set to start in March next year. Although the damages sought have never been quantified, a figure of £180m was thought probable.

However, Mr Simon Roper of Oswald Hickson, solicitors for the members' agents, said the ruling had reduced both the scale and the scope of the trial. The damages sought would be less and the issues would be restricted to questions of reinsurance rather than whether the original contracts should have been written.

# Life body chief backs disclosure

By Norma Cohen,  
Investments Correspondent

Life insurance companies charge too much for their products and costs will have to come down once sales agents are required to disclose commissions, the head of the life insurance industry's trade association said yesterday.

"Commission disclosure will draw attention to the substantial differences between the operating costs of life offices," said Mr Mark Bolat, director-general of the Association of British Insurers, in an unusually frank speech to members.

"This should stimulate competition which will drive down costs. In general, the industry's costs are too high for the product which is being sold."

Mr Bolat also attacked those of his members who have been publicly criticising the efforts of regulators in recent years to force disclosure and to end bad selling practices.

"The unseemly wrangling which went on prior to the

establishment of the Personal Investment Authority did the industry no good at all," Mr Bolat said. "It gave the impression of an industry fighting to avoid effective regulation and moreover one that was at odds with itself on how regulation should be achieved."

Until recently, Mr Bolat said, the life insurance industry has been inadequately regulated. The improved regulation provided by the PIA should help improve its tarnished image, he said.

Mr Bolat, who was addressing a conference on life insurance, added: "Regulation in the life industry is essential because in the absence of regulation there would be no reward in being virtuous."

The life insurance industry has for years resisted regulations requiring it to tell prospective customers about costs generally and about sales agents' commissions in particular. But that information will have to be disclosed from January.

# Cost of motor and house insurance drops

By Ralph Atkins

The cost of motor and house insurance is tumbling as a result of increasingly intense price skirmishes between UK insurance companies.

Big insurance groups confirmed yesterday that premiums on many motor, building and house contents policies had fallen significantly in the past year.

The drop reflects the increased profitability of

underwriting domestic insurance, after two years of sharp premium increases. But it suggests higher profit margins will not be sustained, particularly as the growth of the direct insurers, which sell by telephone and advertising, forces prices down.

For consumers, recent falls may be reversed by the government's imposition of 2.5 per cent insurance premium tax this month - although some companies are absorbing at

least a part of the increase.

A survey by investment bank S.G. Warburg this week suggested motor premiums will drop about 5 per cent this year. Similarly, research by AA Insurance suggested that if the insurance tax is excluded house building and contents premiums dropped 2 per cent between July and October.

Although companies say premiums have fallen partly because of improved risk assessment - and not all motor or

house premiums will fall - price is becoming increasingly important, particularly in motor insurance.

Direct Line, which last year became the UK's biggest motor insurer, said: "Competition is hotting up. Consumers should see very competitive rates over the coming year."

Ms Gill Clark, marketing manager at Eagle Star, said premiums on the company's motor and contents policies had fallen between 5 per cent

and 8 per cent in the past year.

Falling prices might persuade building societies to set up their own insurance operations if, as expected, they are given the legal freedom to do so, rather than sell composite insurers' policies.

Mr Desmond Hudson, Britannia building society's head of lending, said his group was considering forming its own Lloyd's of London syndicate to underwrite policies.

# Overseas earnings by consultants fall

By Philip Coggan,  
Economics Correspondent

The net overseas earnings of UK professional consultants fell slightly last year, figures released by the Central Statistical Office yesterday show.

Consultants, defined as including professions such as accountants, architects and engineers, earned a net £1.34bn last year, down from £1.41bn in 1992. The biggest contribution came from the legal profession, which earned a net £500m, up from £475m in 1992.

Accountants and surveyors recorded the sharpest increases in net overseas earnings over

the two years, but there were steep declines in the earnings recorded by architects and advisers. Apart from lawyers, consulting engineers made the biggest contribution, with net earnings of £240m.

The biggest market for UK consultants was the European Union, with 46 per cent of the net total. Asia was second, with 24 per cent. The UK had only a small surplus with the Americas, mainly because its imports from the region were higher than from any other area.

The net overseas earnings of consultants have been declining steadily in recent years, after peaking at £1.61bn in 1990.

# Black diamond prize for man behind coal buy-out



Brian Riddleston: "This is a well-researched bid"

It looked like any other pile of coal to the uninitiated but Mr Brian Riddleston, British Coal's opencast director in Wales, thought differently.

"They are black diamonds," he said, explaining that they were a naturally smokeless coal which, in the UK, is only found in Wales. "This is what everyone wants to get their hands on at privatisation."

How right he has been proved in the year since he made his comments to visitors. The south Wales region of British Coal attracted more bidders - eight - than any of the other four on offer. That makes Mr Riddleston's achievement in winning the government's backing as preferred bidder all the more notable.

Assuming final negotiations are successful, Celtic Energy,

the management buy-out company he has formed along with other executives, will have fended off competition from consortia including Mitsubishi, the Japanese conglomerate, Powell Duffryn, the engineering company, and RJB Mining, the coal company which is taking over all of British Coal's English mines.

Neither Mr Riddleston nor the government will say how much Celtic bid but N.M. Rothschild, the merchant bank advising the government, said it was the highest tender received. Other companies are thought to have offered at least £85m.

The prize for Celtic is a region that produces some of the highest-quality coal in the UK and a contract to sell 1m tonnes a year to National

Power, the electricity generator, until 1998.

The eventual success of the bid will turn on how successful Celtic is in securing contracts after then. The opportunity for securing long-term contracts has been demonstrated recently by National Power signing a 10-year deal with Ryan Group, another south Wales coal company, to buy 1.5m tonnes a year.

That deal was conditional on Ryan winning the south Wales bid. Celtic will not necessarily be able to pick up a similar contract, however.

Ryan itself is stepping up production from its existing drift pits. There will also be competition from an employee buy-out team which is negotiating with the government to take over the Tower pit, the

last deep mine in South Wales, closed earlier this year.

Mr Riddleston will give no details of the contracts or the size of market he expects in Wales. But he has no doubts about making a success. "This is a very well-researched bid," he says.

Mr Riddleston, 46, has worked 24 years for British Coal, which he joined as a trainee after graduating in chemistry from Wadham College, Oxford. After spells in research and accounting he joined the opencast division in 1982 and started his present job in 1988.

Celtic's selection as preferred candidate this week was not greeted with universal joy by the people who work for him. Some of British Coal's employees say he is too remote from

them and has yet to prove himself as a businessman. "He can supervise getting the coal out of the ground," said one. "But, like the rest of us, he has not had to worry too much about finances."

But among senior British Coal executives Mr Riddleston is given some of the credit for the doubling of production from the regions' opencast operations to about 3m tonnes in the period he has headed it.

One executive said: "With opencast mining the key to success is not so much getting the coal out of the ground but developing new sites. He has established good relations with local authorities and kept the environmental lobby at bay. He deserves his success."

Michael Smith



## FINANCIAL TIMES

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## Tories down but not out

When the UK House of Commons returns on Monday, it will conduct its debates against a changed political backdrop. The government is on the defensive. The balance of forces on the opposition benches has shifted in favour of a Labour party revitalised by Mr Tony Blair. The Labour leader's speech at his party's conference in Blackpool last week touched the concerns of many ordinary voters. It remains to be seen whether he can sustain the momentum.

How to react to the Blair challenge has been the subject of much debate at the Conservative conference in Bournemouth this week. Some have suggested that the party establish "clear blue water" between itself and Labour - a phrase suggesting the espousal of greater Euroscepticism, right-wing social policies and early cuts in taxation. In a characteristically low-key speech yesterday Mr John Major wisely resisted the temptation to shift to the right. Labour's plying of Conservative principles is a form of flattery, the prime minister argued. Labour admits it was previously wrong on almost every important issue. Why should the electorate believe it is right now?

Quite reasonably, Mr Major noted that "the language of politics is now Conservative language". The Tories were the real thing, the opposition an unconvincing imitation. "We are the party of savings, of ownership, of personal independence," he said, before outlining a programme of consolidation, of resting on laurels perceived by the cabinet but not by the populace.

Some of these achievements are genuine. The government was knocked off its perch on Black Wednesday, but it deserves credit for subsequently setting out to establish a track record of non-inflationary growth. The effort, however, will remain fragile as the next election approaches. And it is, to say the least, doubtful whether it can be maintained for the next quarter century during which the prime minister forecasts a doubling of living standards.

### Fine aspirations

He defended other key areas of his administration's record, with varying degrees of credibility. The Tories' fine aspirations for education have not so far been realised; Mrs Gillian Shephard, the large minister, will have to try harder than her predecessors if she is to persuade the teaching profession to embrace the national curriculum, testing and league tables. Mr Major's long-term proposals to offer nursery education for four-year-olds may go some way towards countering Labour's more ambitious schemes.

The prime minister put up a passionate defence of his government's stewardship of the health service, but the Conservatives can never win political advantage on the NHS. Whatever Mr Major says, some people will continue to believe that the creation of an internal market is a prelude to privatisation. On law and order, the government's recent record is lamentable, and Mr Michael Howard is not a home secretary to win the confidence of a disquieted electorate. Mr Major came close to Mr Blair's celebrated "tough on crime, tough on the causes of crime". Flattery runs both ways.

### Clear-cut difference

The prime minister did underline the clear-cut difference between the parties on constitutional reform and the future shape of the United Kingdom. The Conservatives would grant self-determination to Ulster alone; Labour offers regional assemblies in Scotland and Wales. It is a distinction that will loom large in the next election if Mr Major has his way. On the evolution of the EU, he stands by his Gaullist strategy, agreed after protracted consultation with his divided ministerial colleagues. The resulting coalition is less Eurosceptical than party activists would like, and could easily come under strain in the run-up to the 1998 inter-governmental conference. But for the moment it holds, despite uneasy rumblings from all sides.

What was audibly lacking in the speech was any promise of further free-market initiatives. On Post Office privatisation, for example, a subject still being debated among ministers, Mr Major was eloquently silent. The government may eventually regret shying away from partial privatisation, a plan with sounder economic foundations than Labour's ideas.

Yet this was a visibly more confident Mr Major, delivering a competent speech at the end of what might have been a disquieting conference. The Tory leadership has shored up morale among party workers, without resorting to the distasteful xenophobia that marred last year's speeches.

If the government is to recover sufficient ground to stand a chance at the next general election, it must now reach out in similar vein to the electorate at large. It may be that the message of safety first is not enough after what will have been 17 or 18 years in office, and that not even the sustained economic recovery that Mr Major is counting on will dissuade the voters from their desire for a change. On yesterday's showing, however, the Tories must be counted as down, far down - but not yet out.

More than anything else, it has been Helmut Kohl's election in Germany.

He has dominated the campaign from start to finish with his extraordinary energy and his tireless electioneering, careering by helicopter or motorcade from meeting to meeting. His booming, nasal voice - cracking with strain over the past 10 days - has preached the gospel according to the chancellor to more than 1m voters.

Like a tank that cannot turn, he has ploughed straight on, regardless of demonstrators and downpours, of bad news or good arguments. Fuelled by his apparently unquenchable optimism, and his enormous belief in himself, he has dragged his own popularity, and that of his ruling Christian Democratic Union, to the front of the field. He has driven himself, according to his closest advisers, to the very limit of his immense physical resources.

But it is more than that. For Helmut Kohl has not just been the preacher. He has been the issue. The real question for German electors has been the same since this marathon election campaign took off in March: do you want to keep the chancellor, or do you want to kick him out?

His bulky shadow has loomed over every one of the 20 polls, from local government elections, through state parliaments, the election of the federal president, the European parliament, and now, at last, the general election tomorrow.

Whatever burning issues the opposition Social Democrats and their earnest leader Rudolf Scharping have sought to raise - soaring taxation, the plight of the homeless and unemployed, the unequal burden of unification, nuclear energy, the environment, the drift and incompetence of the Kohl administration - the question has come back to the personality of the man in charge.

For Mr Kohl and his campaign strategists, it was a huge gamble. He is quite as much despised in his homeland as he is admired. His personal popularity has never been high. He has always before been elected in spite of himself, not because of himself.

But this time, the strategists argued, it had to be different. After 12 years in power, the ruling coalition might lose on issues alone. Only the chancellor could turn the tide.

Against all the odds, it looks - with one day still to go - as if he may have done it. If he has, it will not be in spite of what he is, but because of it.

Chancellor Kohl is a man of extraordinary contradictions, for all his veneer of earthy directness. He is both incurably provincial, and an international statesman; he is quintessentially German, and yet a passionate European. He is thick-skinned, patient and placid, but sometimes often hyper-sensitive to criticism, truculent and aggressive.

His jovial exterior hides a ruthlessness towards his rivals. He is both a faithful friend, and an implacable enemy. He inspires loyalty and despair in his staff in equal measures.

He can be embarrassingly emotional, and yet coldly calculating, a thoughtful strategist, yet an incoherent speaker. While his government has been remarkable for its sense of drift, he has exercised a dominant leadership from the top. He represents the establishment, and yet he manages to present him-

The biggest question for voters in tomorrow's German election is whether to kick Kohl out, writes Quentin Peel

## Gospel according to the chancellor

self as anti-establishment, the man of the people.

It is the contradictions that make the man, and drive him on. Four years ago, re-elected with a record majority on the wave of euphoria which followed unification, he could have relaxed. "He knows he has his name in the history books," a close confidant said at the time. "He can afford to sit back and bask in the glory."

Today, aged only 64, he has been leader of his party for 21 years, and German chancellor for the past 12. He has become the dominant figure on the international stage. He has seen German unification become a reality. He appears to have done it all.

And yet he has thrown himself into this latest election campaign, for a fourth full term in office with an energy and enthusiasm that even his own closest advisers have never seen before.

"I believe he needs to prove to himself, and to the world at large, that the Germans believe in him, and trust him, as the chancellor of German unification," is how one close observer sums it up. "He sees it as a plebiscite on his role as the unity chancellor."

Mr Kohl also enjoys having power, and exercising it. He has never made any secret of his boyhood ambition to be chancellor, and the single-mindedness with which he drove towards that goal, in spite of three early rejections in his efforts - twice by his party, and once at the polls.

In the past four years, however, the achievement and consolidation of German unification, bound inextricably to his vision of European union, has become his main driving force.

On the one hand, he is still passionately committed to his European goal. He does not, by all accounts, entirely trust his potential successors to be as determined in making the European union irreversible. He wants another big step towards integration from the European Union, Inter-Governmental Conference scheduled for 1996.

On the other, he is determined to disprove his critics over German unification.

It was in Halle, in the heartland of east Germany's devastated chemical industry, that he was hit by an egg at a demonstration back in 1991. He lost his temper, and went for the culprit in the crowd. It has never been forgotten. He was mocked for his words, when he said the east would be transformed into a "blooming landscape". The reality was mass unemployment and bitterness. The German press said he would never be able to face an east German crowd again.

In this election, he has deliberately returned to every single town and village in the east where he went in 1990, promising that vision



For all his veneer of earthy directness, Kohl is a man of contradictions

of a "blooming landscape". He has faced the crowds - not so many, to be sure, but still numbering in thousands, not hundreds - and he has admitted his mistakes. "I was wrong," he says, "but only in the time it would take. I am still convinced that you will have a blooming landscape."

Against all the odds, it looks as if Kohl may have done it. If he has, it will not be in spite of what he is, but because of it

The result has been a significant recovery in the standing of his CDU in the east, almost entirely attributable to the efforts of the chancellor.

Mr Kohl is also driven by a deep bitterness towards the reformed Communist party, the Party of Democratic Socialism (PDS). He accuses its members of being the heirs of those who destroyed the Weimar republic, Germany's first attempt at democracy, and paved the way directly for the advent of

Adolf Hitler. He calls them "red-painted fascists".

"He seems to feel very deeply about the ingratitude of east German electors who, in spite of having won their freedom, still turn round and vote communist," says Mr Dieter Womke, political correspondent of the Leipzig Volkszeitung. "He takes it very personally."

It is in part a counter-productive ploy, which has allowed the PDS to exploit its identity as the one "home-grown" east German party. The more the westerners attack it, the more voters it seems to pack in.

But Mr Kohl does not seem to care. He is concerned not so much to woo his opponents - "the 60 per cent who won't vote for me anyway" - as to ensure the loyalty of his natural constituency.

He is a party man to his toes; a provincial politician who came up the hard way, cultivating the grass roots and building his base, until he reached the top. He despises colleagues who fail to do the same.

His greatest enemies have been made not in the opposition, but in the ranks of his own CDU. He has banished potential competitors, such as Professor Kurt Biedenkopf, the intellectual former general-sec-

retary who now rules Saxony, in east Germany, as a second-best to the federal republic; Mr Helmut Geisler, one of the most brilliant advocates on the left of the party and another former general-secretary was abruptly removed by his boss.

One reason is Mr Kohl's political ruthlessness. "Don't be deceived by the joviality," says a friend. "This is an iron chancellor inside." He is also deeply suspicious of all things intellectual, reinforced by the obvious contempt that many intellectuals have for the sometimes inarticulate and clumsy chancellor.

In revenge, he cultivates his image as a provincial, the man from the Palatinate. "Something which is frequently underestimated is his way of putting himself on the other side," says an admirer. "He manages to persuade ordinary people that 'it is me and you against the establishment'."

"He has that in common with President Bill Clinton. He has always had a very critical relationship with the bureaucracy, and with the middle-ranking officials in the party. He is like a general who pushes the officers to one side, and appeals directly to the troops."

His provincialism is also a factor in his passionate belief in European integration, something that he has not diluted, either in the drive for German unification, or in the face of post-Maastricht Euro-scepticism.

"He is a man with few principles, but they are very clear," as a close adviser says. In every speech he repeats his conviction that "German unification and European union are two sides of the same coin."

His homeland of the Palatinate is an area of Germany that has been repeatedly devastated by Europe's wars and invasions - in the 30 years' war, in invasions by Louis XIV and Napoleon, and in the second world war. It is a history of which he is acutely conscious, complemented by his own personal upbringing.

In private, he tells a story about his own family to prove the point. His mother's brother was called Walter, who died as a soldier in the first world war.

His own brother was called Walter, and he died in the second world war. When his eldest son was born, Chancellor Kohl told his mother he wanted to call the boy Walter.

"She begged me not to," he says. "She said the name had always been unlucky for us." But he insisted. He said that it was a commitment that they would never let it happen again. His eldest son is called Walter.

It is an emotional commitment to the European dream which he found, to his profound disappointment, was not shared - or even understood - by Lady Thatcher. Now Mr Kohl has outlasted Lady Thatcher and, if he wins another term, looks set to outlast Mr Mitterrand. How long will he stay?

He says he will not be a candidate again, after 1996, if he wins the election tomorrow. But nobody entirely believes him. As the Frankfurter Allgemeine newspaper pointed out, he said he would not stand "after 1996" - not in 1998, when the next election takes place.

It was another bit of vintage Kohl, another piece of the ultimate politician, whose rule has ever been: Keep them guessing till the bitter end.

### MAN IN THE NEWS: Richard Budge

## Champion of the black stuff

I'm as fit as a flea" is the response people usually get when they ask Richard Budge how he is.

It is supposed to make them smile. The image could hardly be less appropriate for this burly man, with the big voice and the hard hat.

But Budge could have taught fleas a thing or two about leaping this week. Selected by the government as the preferred bidder for the bulk of British Coal's assets, he is about to become Britain's biggest coalminer once privatisation goes through. His company, RJB Mining, is front-runner to buy almost all the remaining coalmines in England and north Wales and contracts to supply 29m tonnes of coal to the electricity generators.

The decision by Michael Heseltine, trade secretary, to award such a large chunk of the business to one company was both surprising and controversial. He ignored advice that he might be creating a new coal monopoly, and he left worthy bidders such as the Union of Democratic Mineworkers muttering bitterly about ingratitude.

But Budge finds it neither surprising nor controversial. For nearly two years, since British Coal was hacked into shape for privatisation, he has been planning in his Nottinghamshire headquarters to buy as much of the state-owned company as he could. He bid for more of it than anyone else, and he bid a much higher price. Unlike coal's many doubters, he saw a future for the black stuff.

Budge, 47, has always made a point of thinking independently, and thinking big. He is also a man for risks: at an earlier stage in his life he was an amateur racing driver, a pastime which he says "is good for your mental attitude".

though he admits that these days he prefers fly fishing for relaxation.

He cut his business teeth in his brother Tony's construction company, A.F. Budge, which he led into open-cast mining as an extension of its earth-moving operations 20 years ago. The early years were as a contractor for British Coal. In 1982, when the rules on coalmining were relaxed, A.F. Budge went into the business direct as a licensed operator, and in 1990 bought its first underground mine.

By then A.F. Budge was suffering from the recession and some ill-advised diversification ventures into armoured cars and horses. But the company's pressing need for cash opened the way for Richard to mount a management buy-out of the profitable coal operations and set up on his own in 1993. A year later, he floated RJB Mining on the stock exchange with a value of £100m. His 10 per cent share transformed him overnight into a multimillionaire on a salary of £225,000.

At flotation, RJB Mining was already one of the largest private mining operations in the UK, with 11 open-cast mines and a turnover of some £80m. It had got there through Budge's policy of running a highly efficient, cost-controlled business which undercut the hugely overmanned operations of British Coal. ("I've worked with them for 20 years. I know them inside out.") He imported giant 170 ton Caterpillar dump trucks - the largest operating in the UK - and made full use of new technology and mining practices developed in countries with larger mining sectors than the UK.

Budge could not compete head on with British Coal, because its monopoly was protected by a law that limited private operators to 150 miners per pit. But this sharpened



the incentive to drive up the productivity of the workforce and take advantage of the artificially high price at which coal was traded in the UK to subsidise British Coal.

As an example, Budge cites the Blenkinsopp colliery in Cumbria which he bought in 1990. At the time, the colliery was producing 50,000 tonnes a year. Within a year, Budge had raised this to 85,000 tonnes, and this year expects it to produce 300,000 tonnes. Over the same period, the workforce increased from 75 to just under 100.

One reason for this growth is that Budge has never allowed the trade unions to fix their iron grip on his business. He recognises both the National Union of Mineworkers and the breakaway UDM, but also the right not to belong to a union. There is no collective bargaining or productivity bonuses, and all miners are on individual contracts.

However, the impressive productivity performance has earned Budge a reputation as a tough, even

ruthless operator along the lines of the Victorian industrial barons. "If they say that, I'm honoured," he said yesterday. "But I hope that they add that I'm fair. You have to have leadership, but I'm also a team player. This is a teamwork business." All his 2,000 employees will be sent a letter from him thanking them for helping the company achieve this week's success.

The question now is whether he can make it all work. His bid of £800m is many times the value of his company, even after the 40 per cent rise in its shares since flotation. He will be able to raise more money from shareholders, but he will also have to turn to the banks for a large chunk of the money, leaving him highly geared.

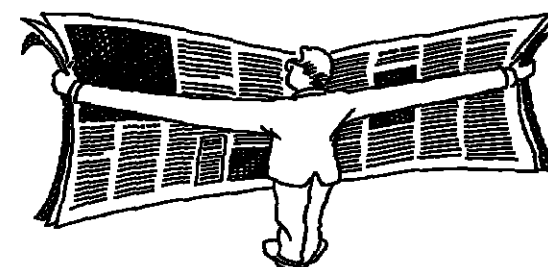
Unsuccessful bidders say that Budge overbid for British Coal, implying that his financial judgment may be flawed. But he has one of the top City investment banks, BZW, part of the Barclays group, advising him. His plans survived vetting for the government by merchant bankers at N.M. Rothschild.

He will also have to find a market for his output at a time when coal seems to be going out of fashion in power generation. The growth of gas-fired plant and environmental pressures on coal all contributed to the decline of British Coal, which in its last year of existence will produce about 50m tonnes, a quarter of the level in its heyday. If the acquisition goes through, Budge will be producing between 42m and 45m tonnes a year with a workforce of about 5,000 people.

Budge believes the decline has been overdone. British Coal has cut back too much and pushed its production below the likely level of demand for the rest of the decade, opening a gap for new suppliers and imports. "They got the business into an undersupply," he says. "The electricity generators are going to need at least 45m a year up to the end of this century, possibly 52m. There's a lot to go for."

David Lascelles

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The selection of Israel's prime minister Yitzhak Rabin, foreign minister Shimon Peres, and the Palestine Liberation Organisation's chairman Yasser Arafat as this year's winners of the Nobel peace prize is a clear gamble.

One of the members of the prize committee, Kaare Kristiansen, even announced his resignation on Friday in protest at the decision.

Quite apart from any doubts over how deserving the winners may be, or how appropriate the prize is in view of their backgrounds, the decision is based on hopes of peace, rather than peace itself.

There is little doubt that these three men have been the dominant figures associated with the introduction of limited self-rule for the Palestinians of Gaza and Jericho - a process that holds out the prospect of an eventual permanent resolution to decades of conflict.

And there is little doubt, too, that the three men deserve praise and respect for shaking hands on a deal that involves risks and painful compromises on both sides.

But what is most certainly in doubt is whether that deal will bring lasting peace between the two peoples, and real rehabilitation to the impoverished occupied territories.

Extremism, on both sides, remains a huge problem, as the events of this week have demonstrated.

On Sunday, two Palestinian gunmen from the Hamas Islamic fundamentalist group ramaged through central Jerusalem, firing hundreds of bullets along a row of crowded restaurants and bars, miraculously killing only two people before they

# A prize too many for peacemakers

David Horowitz argues that giving the Nobel peace award to Rabin, Arafat and Peres is premature

were themselves shot dead.

Members of the same organisation later announced that they had kidnapped a 19-year-old Israeli soldier, Nachshon Waxman, seized near Israel's main international airport outside Tel Aviv, and demanded the release of 200 Palestinian prisoners.

Meanwhile, Israeli courts have indicted four Jewish settlers in the past fortnight for their alleged involvement in plans to attack Arabs - through a suspected underground movement.

Few are the peacemakers who do not have extremist opponents to contend with. But while Mr Rabin and Mr Arafat have criticised their respective rejectionists for doing their utmost to derail the peace process, both leaders have been criticised for their lack of direct action.

Mr Rabin was accused by many Palestinians of doing too little to curb settler violence - until he was shocked into action by the February massacre at Hebron's Cave of the Patriarchs, when a settler slaughtered 29 Palestinians kneeling in prayer.

And many Israelis, including Mr Rabin, feel that Mr Arafat is still pursuing far too soft a line against Hamas. The PLO leader, they argue, has failed to disarm a relatively

small number of violent militants for fear of sparking confrontation.

Indeed, at the height of the Waxman kidnapping crisis, the Israeli leader told his peace partner starkly that he had to make "a strategic choice" between abandoning the autonomy process or facing up to Hamas.

With the Cairo talks, at which Israel and the PLO had been discussing the next phases of the autonomy programme, suspended by Israel in the wake of the Waxman kidnapping, the timing of the Nobel award may have been ill-judged. The process of Israeli-Palestinian reconciliation looks far too vulnerable for its protagonists to receive the honour.

Israeli troops have handed over authority in much of the Gaza Strip and in Jericho to Palestinian police, men, but most of the complex stages of the phased transfer of power still lie ahead.

Democratic Palestinian elections, the first real test of Mr Arafat's ability to mature from being the symbol of a liberation movement to a statesman ready to accept the will of his people, were supposed to have taken place this summer, were then postponed until the autumn, and are now unlikely to be held this



Together on the White House lawn last year: (from left) Peres, US President Bill Clinton, Arafat and Rabin

year at all. The suspension of the Cairo talks, which had been focusing on unresolved central issues such as voter eligibility and the nature and powers of the body to be elected, will mean an even longer delay.

And the Israeli army's redeployment outside Arab population centres in the West Bank, an exceptionally complicated logistical operation given the need to maintain protection for 130,000 Jewish settlers, has also been repeatedly postponed.

Last year, the Nobel committee selected another pair of peacemakers, Nelson Mandela and F.W. de Klerk of South Africa, for the prize. And the advocates of a Rabin-Peres-Arafat award doubtless argued that, just as with the transitions in South Africa, the Israeli-Palestinian accommodation could only be boosted by recognition from Oslo.

But while Mr Mandela and Mr de Klerk clearly respect each other and quickly forged a trusting, genuine working relationship, the awkward body language whenever Mr Rabin

and Mr Arafat meet points to a deep mutual antipathy. They rarely look at each other, much less embrace. Even the handshake that launched the autonomy process at the White House 13 months ago was an uncomfortable affair, with an obviously reluctant Mr Rabin grudgingly and only briefly proffering his hand to the more demonstrative Mr Arafat.

Moreover, Mr Arafat's performance since the accords has been unimpressive. Crucially, in Israeli eyes, he has failed to honour a cen-

tral element of the peace deal - his commitment to ensure the deletion of sections of the PLO Charter that call for Israel's destruction.

Put another way, the Nobel committee is honouring Mr Arafat for signing a peace deal with a state that his own movement remains formally determined to eliminate.

Of more practical significance, Mr Arafat's continuing insistence that he should oversee the disbursement of international aid for the redevelopment of Gaza is gravely undermining rehabilitation efforts. Would-be donors and investors are holding back their funds, while vainly demanding the establishment of democratic, accountable Palestinian financial institutions.

Such reservations are echoed within the PLO. Abu Ala, a leading figure in the autonomy negotiations, came close to resigning his post as Palestinian economic minister last month, in frustration at Mr Arafat's reluctance to delegate financial authority.

There is a pleasing consistency to the notion of Mr Rabin and Mr Arafat following the late prime minister Menachem Begin and the assassinated president Anwar Sadat, architects of Israeli-Egyptian peace 15 years ago, into Nobel history. But all in all, it might have been prudent for the committee to have waited at least another year, to have given peace in the occupied territories more of a chance to prove itself.

David Horowitz is the managing editor of *The Jerusalem Report* news magazine

David Owen on the role of parliamentary lobbyists in the UK

When MPs return to Westminster this week, a top-level House of Commons inquiry into MPs' outside interests will get fully under way.

The incident that triggered the inquiry by the privileges committee, which is composed of senior MPs, was July's disclosure in a Sunday newspaper that two Conservative MPs had been willing to accept payment of £1,000 for tabling parliamentary questions from journalists posing as businessmen. But the subjects investigated will be more widespread than that.

One subject is expected to be the nature of the ties, such as directorships and consultancies, that link some MPs with professional lobbying and public relations companies. A leading lobbyist said earlier this year that he thought the inquiry would "inevitably" scrutinise such links.

The profession has acquired a reputation for being obscure and patchily regulated. The public pictures lobbyists in smoky Westminster bars, exchanging dubious favours on behalf of their clients with MPs on the make.

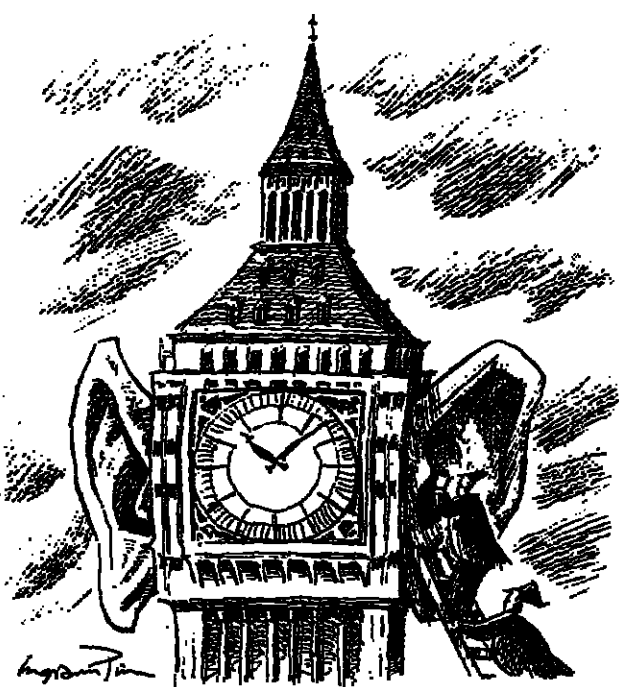
This is a jaundiced view. Nevertheless, pressure is mounting for a comprehensive regulatory framework. Most lobbyists favour statutory measures, in part to help root out unscrupulous practitioners, although the industry is split over what the restrictions should be.

The pressure for stricter regulation comes partly as a result of the industry's success. Professional lobbying in the UK has expanded from next to nothing 20 years ago to an industry with an annual turnover estimated at £20m. Its influence can be detected in almost all government decision-making processes.

The task of the lobbyist is to maximise clients' knowledge about - and, if possible, influence over - political decisions. This applies whether the lobbyist works exclusively for a company or trade body, such as the Brick Development Association, or for a specialist firm that could deal with a wide range of clients.

Part of the trick is to ensure that clients' views are presented as early as possible in the decision-making process.

## A word in your ear...



Lobbyists keep a close eye on Whitehall's voluminous piles of paper, alerting clients when they spot developments of interest and arranging meetings with the decision-makers. There are plenty of ways for lobbyists to try to change ministers' minds. Perhaps the commonest - especially at times when the government's majority is slender, as at present - is for lobbyists' clients to convince a few backbenchers of the merit of their case.

Letters are often sent to MPs who have shown an interest in the subject. MPs may be invited to meet the client, often over lunch. Pains will be taken to ensure the decor and provender are appropriate. If the client is a food company, for example, a good lobbyist would ensure no rival group's brand was on the table.

Ingenuity is used to show MPs that issues affecting the client are of interest to constituents. One campaign mounted last year by the specialist lobbying firm Ian Greer Associates, against the closure of

London's Royal Marsden Hospital, analysed the hospital's referral lists. Letters were drafted to MPs with seats well outside the capital pointing out how many of their constituents were treated there.

Advisers to Hongkong & Shanghai Banking Corporation, during its fight with Lloyds Bank to take over Midland Bank in 1992, unsparingly 28 constituencies with towns that had only one Lloyds and one Midland outlet, which therefore faced a "monopoly" of bank branches.

Once backbenchers have been won over, they generally need little prompting to put pressure on the government by tabling awkward questions, demanding meetings with ministers and signing early day motions - which are rarely voted on but are printed on the Commons order paper.

Letter-writing remains a successful campaign tactic. One of the largest Westminster mailbags was generated by the

National Federation of Sub-Postmasters last year, which wanted to derail government plans to encourage people to have pensions and benefits paid direct to a bank. The avalanche of mail produced was the talk of the members' tea room for weeks.

Increasingly, lobbyists are targeting the House of Lords. Unlike in the Commons, where the government can usually mobilise its MPs to avoid a defeat, a vote in the Lords is more easily influenced.

For all their success, lobbyists have not been able to tackle their own image problem. The industry has taken steps to regulate itself more effectively, but it is divided over what further measures should be taken.

The various trade bodies representing the industry have their own codes of conduct and plans for registers of lobbyists. But they disagree over whether MPs should be allowed to act as directors or consultants to public relations and lobbying firms.

The Public Relations Consultants Association and the Institute of Public Relations believe such links should continue, arguing that it is not for a trade body to tell members who should be on their boards.

The Association of Professional Political Consultants, a specialist lobbyists' group, has banned them because of the risk of conflict of interest.

The industry has repeatedly pleaded with parliament to put a statutory framework in place. As long as lobbyists do not abide by common standards, unscrupulous operators who do not belong to an association can continue to give the industry a bad name.

Mr Tony Newton, the Commons leader, has said that in his view "a voluntary code would be better". Industry insiders, however, say respectable lobbyists have nothing to fear from tighter regulation.

The test will be whether the industry's annual increase in turnover, put by one Labour MP at up to 25 per cent, can be maintained. Mr Ian Greer, chairman of Ian Greer Associates, is confident it can. "There is a sign whatsoever of the industry putting on less business than it has done over the last five years," he says. "It is a growth industry."

Barely a day had gone by in the seven weeks since Jeffrey Katzenberg handed in his resignation as head of Walt Disney's movie studios without the Hollywood gossip magazines lining him up with yet another new partner or venture.

This week, the guessing was over. Mr Katzenberg announced that he was teaming up with his two closest friends: Steven Spielberg, the highly successful film maker, and David Geffen, the billionaire rock music mogul, to create a "dream team" entertainment group.

Their aim is to challenge the leading movie studios that have dominated Hollywood for decades, such as Disney, which in its last audited accounts made total revenue of \$2.2bn. The critical question is whether wealth and talent will be enough to enable them to fulfil their ambitions in the cut-throat entertainment industry.

"These guys have got great timing," said Tim Wallace, entertainment industry analyst at S.G. Warburg Securities in New York. "There's huge growth potential in the industry and no shortage of new investors. But this is a complex and costly business. They've got lots of talent but enormous egos."

The three men are dazzlingly wealthy. Katzenberg, 43, is fresh from the success of *The Lion King*, Disney's latest animated hit. He is a millionaire after cashing in his Disney share options.

His partners are two of the wealthiest people in the US. Spielberg, 47, directed four of the 10 most commercially successful films ever, including *E.T.* and *Jurassic Park*. Geffen, 51, has become a billionaire by investing the \$700m he made by selling his Geffen Records stake in MCA to Japan's Matsushita.

So far, they have been short on detail about their venture. All that has been said is that they will be equal partners in the company, which will launch early next year with \$250m of their own capital. Geffen Films will be merged into the new business, as will Mr Spielberg's Amblin Entertainment. The venture will develop its own projects in animation, movies, television, music and interactive entertainment.

The decision to create a fully fledged studio flies in the face of current industry trends. A studio is a huge enterprise with big buildings, a large staff and highly sophisticated technology.

No one knows exactly how much it will cost the dream team to launch their studio. However, industry estimates suggest that if they hope to establish the company as a force in animation, for example, they will need to make a total investment of up to \$500m over five years in order to release at least three films of the same quality as *The Lion King*.

Most new arrivals in Hollywood have balked at such an expensive and lengthy investment. Some have bought existing studios as Mr Rupert Murdoch did with 20th Century Fox, Sony with Columbia and Matsushita with MCA/Universal. Mr Murdoch has made a success of Fox. But Sony is still struggling to restore

## Silver screen glows gold

A team of entertainment moguls is challenging the big film studios, says Alice Rawsthorn

### The Hollywood studios

STUDIO	OWNER	US BOX OFFICE MARKET SHARE
Buena Vista	Disney	19.1%
Paramount	Viscom	14.8%
Warner Bros	Time Warner	14.5%
Universal	Matsushita	13.2%
20th Century Fox	News Corp.	11.2%
News-Line	Turner Broadcasting	5.7%
TiStar	Sony	4.7%
Columbia	Sony	4.7%
Others		12.1%

Columbia's fortunes, while Matsushita is embroiled in an acrimonious row with the MCA management over the latter's desire to buy back the business.

Other recent investors have invented "virtual" studios by making films in rented facilities and by making piecemeal investments in independent producers. The Turner, CNN magnate, adopted this approach in making the recent cult comedy, *The Mask*. So did PolyGram, the London-based music group, with *Four Weddings and a Funeral*.

However, life in the independent sector can be perilous, as illustrated this week by Carolco, the independent US producer. It is now struggling for survival after its proposed merger with the Live Entertainment retail group collapsed this week.

The risks of launching a studio are even greater. But so are the potential rewards, particularly in animation, where the studio can count on an impressionable market of children - and their parents - to boost sales of video, books, toys and other merchandise associated with film. Disney

took \$267m at the box office in the first four months after launching *The Lion King* in the US, but that has been surpassed by the income from merchandising.

"An animated hit like *The Lion King* can make a fortune," said Richard Grandjean, president of Global Film Equity, the New York-based film finance specialists. "But *Thumbelina*, which didn't do well at the box office, made money from video. And no one is better at animation than Jeffrey Katzenberg."

Katzenberg and his partners have chosen a good time to launch their venture. The traditional movie business is buoyant. Box office takings in the US have reached \$3.94bn so far this year, according to *Variety* magazine, against \$3.82bn and \$3.43bn in the same periods of 1993 and 1992 respectively.

The international box office is even healthier, thanks to the emergence of new markets in eastern Europe and Asia, most recently in China, where Time Warner has just signed a distribution deal with the authorities.

The merchandising market is also showing strong growth, as illustrated by *The Lion King's* success. Meanwhile, new technology offers exciting opportunities in movie-making and interactive entertainment for the studios to explore in the future.

Spielberg is a technology fiend, and was at the forefront of experiments in digital technology with his special effects for *Jurassic Park*. He sees the new studio as an ideal vehicle for his future experiments. The next wave of technological developments should take the studios into new forms of distribution, such as CD-ROMs for use in the home and more sophisticated cinemas that replicate movie special effects, such as the physical experience of being in a car chase, for the audience.

The convergence of the entertainment industry with new technology has attracted a stream of investors to Hollywood. The misadventures of Sony and Matsushita have done little to dampen the enthusiasm of the other electronics, information technology and telecommunications companies, such as ITT and IBM, that are searching for partners in the entertainment business.

The new venture will offer an appealing package for investors. Microsoft, the world's largest software house, has already been mooted as a potential partner for their studio. There is also speculation of an alliance with the MCA management if it succeeds in buying the company back from Matsushita.

"The movie business is full of swamps: just look at the problems Sony and Matsushita have had in Hollywood," says Oscar Moore, editor of *Screen International*, the film industry magazine. "But Katzenberg and Geffen are very talented men, and Spielberg has made more money for the film industry than anyone else in its history. A lot of people will be willing to bet on them."

## Right ingredients for education and business

From Mr Anthony Quinn

Sir, Your article on the links between education and companies, "Business lessons on the timetable" (October 10), makes some excellent points. Our BSc sandwich degree in graphic media studies has had to confront many of the issues you raise during its 30-year history of preparing students for careers in printing, packaging, publishing and media.

Our response to the decline in science in schools and arts to recruit humanities and the necessary skills in a practical environment. This has been successful, with many such students succeeding in technology.

The article talks about "work experience in return for low wages". While this may be an option for schools and short placements, it is not viable for placements in industry during a year out in industry during a sandwich degree. Our students receive no grant for their year out. They have to earn their keep and usually do, being paid between £6,000 and £18,000.

An element of added value for a placement is that the student returns to college to develop a project which can build on the training experience. Many of these have been of great benefit to companies, resulting in important product development.

One practice which is to be commended has been for companies to take a placement student and, if the student is satisfactory, to sponsor him or her during their final year with a view to employment at the end.

Finally, in recent meetings companies have stressed the need for flexible, technologically literate graduates who understand the relationships between traditional print technologies and the increasingly digitally based design and production process. No doubt this is as true in other industries as it is in printing. Anthony Quinn, scheme director, BSc Graphic Media Studies, West Herts College, Watford, Herts WD1 1EZ

## LETTERS TO THE EDITOR

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## Alliances reinforce retailers' power

From Ms Nina Stimson

Sir, The rapid expansion of the activities of many well-known retailers - from and into all corners of the world - is correctly highlighted by Neil Buckley ("Retailers' global shopping spree", October 12). However, international activities take on even more significance when retailer alliances are taken into consideration.

Of the top 25 retailers in Europe, at least 15 - including Argill, Asda and Sainsbury from the UK - operate within cross-border relationships formed with similar stores. For instance, Sainsbury's "multi-functional alliance" with Esselunga from Italy, the Belgian Delhaize group and Docha de France (SDD) was formed earlier this year in what Sainsbury described as a "forceful

pan-European association" - no less than one would expect from a group of companies with a combined annual turnover approaching £25bn, almost 3,000 stores across Europe, and around 1,000 in the US!

The various economies of scale on offer from cross-border alliances are clearly fully appreciated by retailers. However, the considerable power and influence which can be wielded by such operations is not a force which should be ignored by manufacturers (or, some might add, governments). Nina Stimson, managing editor, *European Cosmetics Markets*, Nicholas Hall & Co, 35 Alexandra Street, Southend-on-Sea, Essex

## Right attitude for isle

From Mr Howard Barnes

Sir, The article by James Buxton with its beautiful photograph ("Superquarry caught in centre of debate", October 10) omits the most important aspect of this controversy. Scotia Pharmaceuticals at Callanish, on the adjoining Isle of Lewis, has said that a proposed plant utilising marine algae can no longer be situated on Harris if quarrying takes place there, or indeed anywhere within 30 miles, so sensitive is the project to pollution, although an alternative

site can be found somewhere else within the isles. This proposed plant would employ 10 persons initially, rising to 60 eventually, all of them in high quality jobs. Moreover, Scotia, which has a good record of job creation in the isles, is perceived as considerate in its attitude to the people, while Redland is accused of arrogance and disdain. Howard Barnes, 25 The Cross, Wivenhoe, Colchester, Essex CO1 9QQ

## Unwise route to take to ensure that baggage is on board

From Mr Simon Evans

Sir, Kate Bevan's article, "Looking after your luggage" (Business Travel supplement, October 10), contained some excellent advice. I would, however, counsel against following the advice of Mark McCormack

to get someone to look after your bags while you check in and then take them to the gate as a way of ensuring they do not get misrouted on another flight. Airlines are wise to this one and you would have to be lucky to get away with it. Nor

should you. Aircraft cabins have limited space for baggage. And all passengers are entitled to a share of what space there is. More importantly, airlines are required by law to make sure that all such baggage, of whatever weight or size, is

properly secured - for your safety. Simon Evans, industry affairs adviser, Air Transport Users Council, 5th Floor, Kingsway House, 103 Kingsway, London WC2B 6RX

## Not really independent

From R Hawkins

Sir, In their article, "Labour party in Blackpool: Portillo disdains minimum wage" (October 3), Philip Stephens and Robert Taylor wrote on a minimum wage, saying Michael Portillo "... anticipated today's Labour conference debate on the issue by releasing a long dossier of independent analyses which he said reinforced the Tories' case that a minimum wage destroys jobs".

I have reviewed the 16-page "dossier" and found it to contain mainly: 1) The "independent opinions" of four City economists, his own Department of Employment, and those of the Economist, OECD, and London Economics; and 2) "Business opinions" that include three surveys of busi-

ness executives, and two representatives of small business organisations. Remarkably, only three of the 15 "opinions" are from 1994, with 11 from 1992 and earlier, and one wholly undated. Three of the four City opinions are from 1991! While the minimum wage is an issue for the political agenda, independent work from either party should include some academic content. The Portillo dossier reflects the (dated) opinions of a few; it does not contain independent analyses of an academic nature. R Hawkins, Institute for Public Policy Research, 30-32 Southampton Street, London WC2E 7RA



## COMPANY NEWS: UK

# Queens Moat lenders agree on way forward

By Peggy Hollinger

Lenders to Queens Moat Houses, the struggling hotels group, appear close to resolving the stalemate that has held up completion of the £1.3bn debt restructuring for several months.

The talks have been stalled for some time over treatment of Queens Moat's leasing obligations on six of its better hotels, as well as by tough negotiations with secondary debt lenders.

The main lenders are understood to have felt that the lessors should make compromises, for example by agreeing to a standstill on leasing payments, to ensure the survival of Queens Moat.

The lessors, for their part, which include Bank of Scotland, Royal Bank of Scotland and Hambros, are thought to have been unwilling to compromise their position, given the quality of the hotels.

Queens Moat sold and leased back the hotels in 1991 in a £68m deal. The company has a 30-year lease on the properties and the lessors were at the time guaranteed rent increases from Queens Moat of 7 per cent a year.

However, it is now believed that a financial arrangement has been welcomed by all parties which opens the way for a restructuring to be completed next month.

This could mean that the shares, which have been

suspended since March 1993, might resume trading just before Christmas or at the beginning of the year.

Even so, there remain difficulties with at least one lender who purchased a substantial amount of debt in the secondary market.

Queens Moat refused to comment on the details of any arrangements. However, it said it was encouraged by progress. "It is a great deal better, but there is some way to go," the company said.

Queens Moat has been in restructuring talks for the last 18 months. Most of the company's 74 lenders have agreed restructuring proposals - which include a substantial debt-for-equity swap.

## Senior shares dive on profits warning

By David Wighton

Shares in Senior Engineering fell by a third yesterday after the company warned that its 1994 profits would be "significantly" lower than last year's £24.2m.

Analysts cut their forecasts from about £22m to £18m after the group said it had suffered significant losses on a contract in its thermal engineering division which would only break even. The shares fell from 106p to 72p, about half this year's high of 150 1/2p.

Mr John Bell, chief executive, admitted the news was "particularly disappointing" for shareholders which supported a £67m rights issue at 115p in March.

Analysts expressed surprise that the warning came only seven weeks after Senior's interim statement, which made no reference to contract problems.

Mr Bell replied: "We knew we would lose a little money on the contract at the time of the interim, but not sufficient to mention it. Over the past two to three weeks the cost to complete kept going up."

He said that the contract, which is in the UK, was of a type the group had not tackled before, but would give no further details. Senior plans to make a claim against the customer but will make full provision in its 1994 figures.

Engineering contracting is a notoriously difficult business, and analysts yesterday criticised Senior for playing down its continued exposure following the closure of its large power project contracting arm in 1992.

"Investors who had been told not to worry about contracting will be pretty angry now it has jumped up and bit them," said one analyst.

Mr Bell said that some of the division's delayed orders, mentioned in the interim statement, had since come through and that significant management changes had been made. But he added that the division's future was being reviewed "in all sorts of ways".

The group said problems with other contracts came to light during a review started by Mr Kevin Gamble when he assumed responsibility for the division in the summer.

He replaced Mr David Bebb, who ran the division for four years and is now in charge of developing the group's interest in Asia Pacific. Mr Bell would not comment on Mr Bebb's position.

Senior said it would at least maintain its final dividend, giving a total of 3.4p. Albert E. Sharp, the house broker, is predicting a sharp recovery in profits to £29.5m next year.

## Bass shares delisted in Amsterdam

Bass said yesterday it had delisted its shares in Amsterdam because "of the low level of trading activity".

The brewing and leisure group said investors in the continental depositary receipts, the form of stock traded in Amsterdam, should apply to the CDR registrar to have them converted into common shares.

## Malaya Group acquires Heron Motor for £16m

By Peter Pearce

Malaya Group, the USM-quoted motor distributor, yesterday confirmed it had acquired by auction Heron Motor, the motor dealership arm of Mr Gerald Ronson's Heron group, for £16m cash.

Having beaten 13 other bidders in "an exceedingly close race", Mr Nick Lancaster, Malaya managing director, said the consideration was "a fair market price" and suggested Malaya was successful because it was more easily able to meet manufacturers' franchise requirements: it is obliged to dispose of the Rover and Land-Rover dealership in Bow, a sale expected soon.

The deal had taken a week longer to strike because raising the equity was "tougher than we thought", he added.

Malaya directors are to pay £1.93m to subscribe for 9.6m

shares out of a possible entitlement of 16.5m for £3.32m.

Mr Lancaster said the deal would give the group a portfolio evenly balanced between volume cars (trading under the Citygate name) and specialist cars.

Turnover of the combined group will be about £240m to £250m.

Heron Motor was the last trading business to be sold by Heron International. Holders of £278m debt in HI have been offered £142m cash for 51 per cent by HNV Acquisition, which is controlled by US entrepreneur Mr Steven Green and has Mr Rupert Murdoch and Mr Michael Milken's family trusts as backers.

## Waterglade properties' receiver

By Richard Wolfe

Bankers to Waterglade International, the loss-making property group, yesterday appointed a receiver to control four properties belonging to one of Waterglade's subsidiaries.

Lloyds Bank, which is mortgagee to Waterglade's subsidiary Sidecard, announced that Grant Thornton would act as receiver to Side-

card's investment properties in Gloucester and Wales.

Waterglade's shares were suspended on Wednesday "pending clarification of its financial position". The company had intended to announce a refinancing package, including a £5m rights issue.

Waterglade said it would make an announcement about its own viability on October 19.

## Aerostructures' second warning

Bernard Gray and David Blackwell on saga of share price collapse

It has been an interesting six months for Mr Andy Barr, the dour Scottish chief executive of Aerostructures Hamble, the company which makes aircraft sections for British Aerospace.

He has moved from talking confidently of his group's prospects at the company's flotation, through pocketing a £1.5m profit when the company was floated at 120p a share, via a production crisis and management failure, to two profits warnings, a share price collapse to 94p and his own early retirement with a stress-related illness.

Shareholders, who stumped up £39m when the company was floated in June, have seen the value of their investment drop by 80 per cent and are understandably hopping mad.

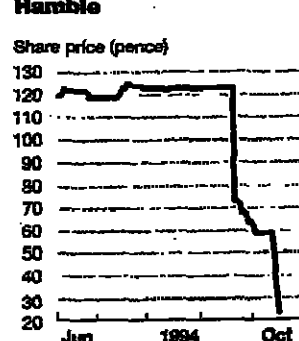
The company's adviser, Mr Rothschild, and its non-executive chairman, Lord King, have been severely embarrassed. On top of that, the collapse raises questions about the whole process of new issues in London.

The problems apparently started innocently enough in February, when Aerostructures finished work on the first of a batch of Harrier fighter aircraft sections.

Unfortunately, there were quality difficulties with the aircraft sections, so in May shop-floor managers instructed the factory to produce components for the entire batch of 12 Harriers, sufficient for two years, instead of the normal three months' stock. The factory geared up to do this and no-one seemed to notice that unusual work patterns were developing.

In June British Aerospace, Aerostructures' dominant customer, said that it wanted to increase the production rate of

### Aerostructures Hamble



Source: FT Graphicals

its Hawk 100 and 200 light fighters. Aerostructures agreed. At this point the factory seized up. Much of the effort was going into making the unnecessary Harrier parts and as a result critical components for other orders could not be made. Several important contracts started to fall badly behind in the gridlock.

Unfortunately again, over this period much senior management time was diverted to preparing the company's flotation. Aerostructures had been bought out from BAE two years previously and several directors stood to make a handsome profit.

It was not until July 12 that a senior management committee discussed the seriousness of the production problems. Mr Brian Barr, the chief executive's son who had come with his father from Rover, was the production director responsible for the factory's performance.

He made a profit of almost £200,000 on the shares he sold at the flotation in June. Mr Barr remains with the company, although he has been moved to engineering. Two days after the meeting



Andy Barr: early retirement due to stress-related illness

Mr Andy Barr went on holiday for two weeks. On August 1 he returned to say that his doctor had instructed him to take a month's leave.

Several orders for future work were also cancelled in August. BAE, which had promised the company work in 1995, suspended any decision until the problems were resolved.

On September 6 Mr Barr finally went to Lord King with several handwritten pages of notes to confess that there was a serious problem. Rothschild was informed on September 15 and a profits warning issued a week later.

Since then an investigation has been going on and the company produced its second profits warning yesterday.

Mr Andy Barr accepted early retirement without compensation last week. He will receive a pension of about £40,000 a year.

The company's results, for the six months to June, showed little sign of the damage. That will show up in the second half.

Next year the company expects turnover to drop by about 20 per cent. Whether it

makes any profit depends on whether orders can be met and costs cut.

In part, the crisis arose because senior managers took their eye off the ball. Both Andy and Brian Barr were keen to introduce Rover-style lean manufacturing techniques which applied to mass production, and may not have properly monitored the old-style techniques used in the Harrier.

It is also questionable whether redundancies made in 1993 removed key skills in manufacturing and process management, which the company needed to prevent such disasters.

Aerostructures says that the redundancies made no difference, nevertheless it has recently been trying to hire people with experience of Harrier manufacture.

Then there is the issue of whether the flotation prompted managers to cut too many jobs to improve profits, then took up too much of their time in preparing mountains of paperwork. It may be that the cumbersome process, designed to protect investors, played a part in precipitating the crisis.

One City figure who understood the deal said: "I think this raises questions for the regulators about the way we handle deals for companies of this size."

Earlier this year Mr Andy Barr, sitting in his elegant office in a 1750s listed house on the Hamble site, said: "Not until we came from Rover down here did we realise how Rover had moved in practices and quality."

Aerostructures was "getting leaner all the time - but it gets tougher as you go on". For Aerostructures shareholders, it certainly did.

## Barr brothers seek boardroom changes

By Richard Wolfe

Two family shareholders of Barr and Wallace Arnold Trust yesterday forced the motor distribution and leisure group to call an EGM over the future of two directors.

Nicholas and Robert Barr, whose family owns 25 per cent of the group's shares, called the meeting to unseat Mr John Parker, chief executive, and Mr Brian Small, finance director.

Earlier this week the two brothers met their uncle, Mr

Malcolm Barr, chairman of Barr and Wallace, to discuss the company's strategy.

The brothers are understood to want to separate the group's motor and leisure divisions and reduce central overheads.

They want to appoint themselves to the board alongside Mr Heinrich Schweitzer, a former managing director of Hetzel Reisen, the German holiday company. The two said they did not look upon this as a family feud.

However, it is understood

that the group sees the brothers' actions as an attempt to return it to family control.

Mr Malcolm Barr, who owns 16 per cent of the Barr and Wallace shares, defended the group's strategy. "The board appointed John Parker and Brian Small earlier this year," he said. "Developments since those appointments have confirmed that we made the right decision."

Last month Mr Parker said he was brought in to "look at changing the culture of the

company" but added that the Barr family was being proactive in the process.

The company, which was founded in 1911 by Mr Malcolm Barr's father, Robert, reported pre-tax profits of £4.4m on turnover of £18.8m in the year to end-December. Mr Barr was previously development director of Barr and Wallace. Mr Robert Barr is managing director of Trust Leasing, which he bought from Barr and Wallace for £2.15m in July.

## Cost cutting planned at Royal Insurance

By Ralph Atkins

Royal Insurance, the composite insurer, yesterday confirmed that it had begun a reorganisation programme intended to cut overheads as well as improve customer service.

The company said its plans to increase specialisation at 12 regional offices covering non-life business and improve work processes might lead to fewer jobs though it had set no figure. It did not rule out compulsory redundancies but hoped staffing levels could fall as a result of staff turnover.

Mr Roger Pridoux, public affairs manager of Royal's general insurance division, said that in an increasingly competitive sector "we must be more open-minded and flexible than we have been before".

Royal Insurance said that from next year regional offices would no longer handle all aspects of its businesses, from business development to claims settlement. Instead they would develop expertise in working with particular customers such as national brokers dealing in "big ticket" commercial insurance policies, financial intermediaries, and private individuals.

Mr Pridoux did not envisage large-scale movements in staff, although management responsibilities would change. Many backroom staff would be offered retraining, he said.

Royal suffered heavy losses in the early 1990s but recently reported a £139m increase in pre-tax profits to £191m for the first six months of this year. The shares fell 9p to 290p.

## Tie Rack rise held to 6% by French result

By Peter Pearce

Pre-tax profits at Tie Rack, the fashion retailer, rose 6 per cent from a restated £34,000 to £40,000 in the 28 weeks to August 14, its seasonally weak half.

The company scoffed yesterday at reports that it was considering any action against British Rail as a result of the adverse impact of the summer's rail dispute on its outlets within BR stations.

Mr Nigel McGinley, chief executive, said the stoppages had been "an irritant" but were "of no major consequence". He estimated that they had affected Tie Rack's UK retail sales by up to 2 per cent in July and August, and sales in the first six months by "less than half a per cent".

He said that the summer's hot weather across Europe had a much more inhibiting effect on sales.

Like-for-like sales fell 5 per

cent, said Mr McGinley, because of the weather, declines in Australia and the Netherlands as well as France, and a reduced range of higher value items. In spite of continuing losses from the now reorganised US operations, Mr Roy Bishko, chairman, said it was "a satisfactory first half".

With operating profits up 18 per cent to £253,000 (£239,000) on turnover 11 per cent ahead at £36.5m (£33m), the pre-tax line was affected by losses doubled to £202,000 (£22,000) at the French associate and interest receivable up by £99,000 at £255,000. Cash balances grew to £3.5m (£5.5m).

Mr McGinley said margins improved by about 1 per cent, as the company achieved higher volumes with the same fixed costs. In the half, 13 new shops were opened, bringing the number of countries where it trades to 18.

Earnings rose to 0.53p (0.47p) per share and as usual there is no interim dividend.

## New Look to join market with forecast £150m tag

By David Blackwell

New Look, the rapidly expanding women's wear chain that already has almost as many shops as Etam - albeit much smaller ones - is planning to float early next month.

The group hopes to have a market value of more than £150m. Profits for the six months to September 24 are expected to be about £10m on turnover of £59m.

New Look has 221 outlets, including 10 in France, but opened its first London branch, in Oxford Street, only last week. It has grown from a single shop in Taunton, opened by Mr Tom Singh, founder and deputy chairman, straight from university in 1969.

The company is wholly owned by the Singh family. About 35 per cent of the equity

is coming to the market through a placing and intermediaries offer.

Mr Singh, who will have about 9 per cent of the company after flotation, will not be selling any shares. He explained that his family wanted to realise some of their investment, most of which will go into family trusts.

The flotation will raise about £10m of new money. Of this £6.5m will go on freeholds, including £5m for the Weymouth distribution centre opened in April.

Flotation fees will account for £2.5m, and the remaining £1m will be added to working capital to cover seasonal trading. This will leave the company virtually debt free.

Mr Singh plans to add 40 shops a year to the chain for the next five years, doubling

the number of shops and tripling the sales area.

He attributes the group's growth to such factors as prime sites, a broad customer base of 15 to 50-year-olds, prices 10 per cent below the competition, a high stock turn rate and well developed electronic information systems.

The group expects its strong cash flow (£18m last year) to fund its £7m a year capital expenditure programme. Over the last four years operating margins have improved from 4 per cent on sales of £17.5m to 12 per cent on £88.5m.

Sponsors are J Henry Schroder Wagg and brokers James Capel. The pathfinder is due on Monday.

## Independent British Healthcare pulls float

By David Blackwell

Independent British Healthcare, which has 17 hospitals spread between Stirling in Scotland and Tunbridge Wells in Kent, has decided to pull its flotation.

Mr Keith Chadwick, founder and chief executive, said yesterday that the group, which was hoping to float later this month with a market capitalisation of £45m, "was not prepared to sell cheaply - it's that simple".

The market was not looking too clever, he added, and interest in the float was "not massive".

He has written to the 2,400 shareholders, many of them doctors, telling them the flotation has been delayed.

The group, which makes 90 per cent of its profits through private medical insurance, was planning to raise about £30m of new money through a placing. Beacon Gregory was both sponsor and broker.

"The money would have been used to reduce net debt of some £37m, cutting gearing

from about 130 per cent to 45 per cent.

Mr Chadwick, who holds 11.5 per cent of the equity, and fellow directors were not planning to sell any of their stake. He described September as a "bumper" month for the group. In addition a big investor had taken up £2.75m worth of options, giving the group enough cash to continue its expansion.

● Brightons, owner of the Pizzaland restaurants chain, might delay its flotation plans, which remain "subject to market conditions". Mr Michael Guthrie, founder and chairman, said yesterday that the board had still made no final decision. The group said last month it would float at the end of October when it announced its annual results. The board meets in two weeks' time.

● Accounting snags over the complex treatment of Chilean investors and interests have delayed the £50m flotation of Seapac, the scallop and clam farmer. The company plans to raise £20m through an institutional placing.

Malaya Group, the USM-quoted motor distributor, yesterday confirmed it had acquired by auction Heron Motor, the motor dealership arm of Mr Gerald Ronson's Heron group, for £16m cash.

Having beaten 13 other bidders in "an exceedingly close race", Mr Nick Lancaster, Malaya managing director, said the consideration was "a fair market price" and suggested Malaya was successful because it was more easily able to meet manufacturers' franchise requirements: it is obliged to dispose of the Rover and Land-Rover dealership in Bow, a sale expected soon.

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## Brooks recovery continues

By Richard Wolfe

Shares in Holders Technology fell 24p to 56p yesterday after the supplier to the printed circuit board industry warned that profits would fall this year.

"The company, which distributes high precision tools and specialist equipment, reported pre-tax profits of £446,000 on turnover of £4m for the year to November 30.

Mr Rudi Weinreich, chairman and chief executive, blamed his company's performance on tighter UK margins.

In July the company's shares dropped 22p to 147p when it announced a 39 per cent fall in interim pre-tax profits to £152,000, despite an 11 per cent rise in turnover to £2.31m.

This year's profits are also likely to be depressed by the consolidation of Holders' 30 per cent holding in Dywiden Engineering, the Swiss company which was acquired in March.

However, Holders expects "a marked increase" in sales next year after completing changes to its product range.

Mr Weinreich said the company intended to maintain last year's 6p dividend to external shareholders.

## Eidos in black with £47,000

Eidos, the computer video editing software group, yesterday revealed profits before and after tax of £47,834 for the six months to June 30 - the USM-traded group's first profitable period since it came to the USM in late 1990.

Mr Charles Cornwall, chairman, said the outcome, against losses last time of £78,254, reflected "strict financial management" and increased development funding. Turnover was £188,196 (£20,241).

The £17,000 proceeds of May's rights issue have been used to strengthen the balance sheet and fund an intensified research and development programme.

Earnings per share were 1.97p (3.56p losses).

### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Company - pending dividend	Total for year	Total last year
Attwoods	3.25	Feb 1	3.25	5	5
Brooks Service	0.75	Nov 25	0.5	1.5	1.5
Value and Income	2.1	-	2	-	4

Dividends shown pence per share net except where otherwise stated. \*On increased capital. \*USM stock.



## Wolfson's tactics may still secure the trophy

● *Reports by Tony Jackson (New York), Christopher Brown-Humes (Stockholm) and Robert Gibbens (Montreal).*



## COMMODITIES AND METALS

## WEEK IN THE MARKETS

## Aluminium price hits 4-year high

Bullish charts and fundamentals, together with a quickening in the rate of depletion of London Metal Exchange warehouse stocks, yesterday combined to drive aluminium prices to four-year highs.

The three months delivery position at the LME closed at \$1,707.75 a tonne, up \$38.25 on the day and \$56.50 on the week.

Traders told the Reuters news agency that rising physical demand for aluminium world-wide could mean that stocks of the metal would fall

LME WAREHOUSE STOCKS (in thousands of tonnes)	
Aluminium	55,150 to 55,150
Aluminium alloy	40 to 22,500
Copper	23,900 to 23,900
Lead	800 to 387,775
Nickel	1,350 to 146,775
Zinc	575 to 123,500
Tin	295 to 21,640

faster than had been expected. This view was supported yesterday morning when the LME revealed that stocks of aluminium in its warehouses had fallen by another 55,150 tonnes to 2,190,500 tonnes. That followed the announcement on Tuesday of a 22,500-tonne fall and took the draw-down from the mid-June record to about 460,000 tonnes.

Aluminium's strength stiffened the sinews of other LME contracts, most of which had drifted lower early in the day. Three months copper, after initially being helped up to \$2,494 a tonne by merchant buying, sank back to test support at \$2,490, where it held, closing \$2 down on the day at \$2,481.50 to show a total loss on the week of \$53.50.

The gold price resumed its slide at the start of the week but steadied a little later. It ended little changed yesterday after eagerly awaited US inflation data failed to give a lead in either direction. The closing level was \$387.60 a troy ounce, down \$5.10 on the week but \$2.10 above the six-week low

touched on Tuesday.

After a week of erratic trading, in which the market was highly sensitive to any reports of rain in Brazilian growing areas, London Commodity Exchange coffee futures finished on a down-swing. The January position fell \$38 yesterday to \$3,505 a tonne, down \$18 on the week but \$155 above Wednesday's low.

The US-based Weather Services Corporation said light showers were possible yesterday in the coffee-growing states of Panama and Sao Paulo, Reuters reported. Otherwise it thought that the hot, dry weather that has been discouraging selling on the futures market would continue.

At the International Petroleum Exchange this week all eyes were focussed on the Iraq-Kuwait border, although dealers were in some doubt about what the market response should be in the event of an attempted invasion. An Iraqi defeat resulting in a change of regime, it was suggested, could lead to an early end to sanctions and might therefore be bearish for the oil market; while a withdrawal might prolong Saddam Hussein's regime and leave the return of Iraqi oil exports a remote prospect that before.

In the end the market seems to have decided that peace was bearish. The IPE's December contract, which had spiked to \$17.33 a barrel on Monday, sank below \$16 as tension eased.

Efforts to wrap up a new world rubber pact failed after 10 days of UN-sponsored meetings here, the final assembly was told yesterday, reports Reuters from Geneva.

Chairman Peter Lai said more negotiations were planned for Geneva starting February 6, 1995, provided all parties and the UN Conference on Trade and Development agreed to hold the third round.

The existing 1987 agreement, due to expire on December 31, was likely to be extended by another year at a council meeting of the International Natural Rubber Organisation on November 28-December 2 in Kuala Lumpur, Mr Lai said.

Richard Mooney

## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

## ALUMINIUM, 99.7 PURITY (\$ per tonne)

Cash 3 mths

Close 1691-2 1707.5-0

Previous 1684-5 1711/1695

AM Official 1691-2 1697-5

Karb close 1691-2 1710-5

Open int. 253,962

Total daily turnover 73,131

## ALUMINIUM ALLOY (\$ per tonne)

Close 1690-700 1715-00

Previous 1690-75 1716/1695

AM Official 1690-75 1716/1695

Karb close 1690-75 1710-5

Open int. 2,951

Total daily turnover 729

## LEAD (\$ per tonne)

Close 624-5 645-5

Previous 627-5 654/649

AM Official 627-5 645-5

Karb close 627-5 651-2

Open int. 43,167

Total daily turnover 4,372

## NICKEL (\$ per tonne)

Close 6580-85 6865-75

Previous 6575-80 6870/6860

AM Official 6580-85 6865-75

Karb close 6580-85 6865-75

Open int. 73,738

Total daily turnover 13,045

## ZINC, special high grade (\$ per tonne)

Close 1044-5 1054-5

Previous 1045-5 1065-5

AM Official 1044-5 1061-2

Karb close 1044-5 1063-4-0

Open int. 103,426

Total daily turnover 12,904

## COPPER, grade A (\$ per tonne)

Close 2483-4 2481-2

Previous 2480-1 2485-0

AM Official 2480-1 2484-5

Karb close 2480-1 2481-2

Open int. 220,734

Total daily turnover 77,175

## LME AM Official 1/2 rate, 1,622

LME Closing 1/2 rate, 1,614

Spec. 1,610 1/2 rate, 1,614

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## Precious Metals continued

## GOLD COMEX (100 Troy oz; \$/troy oz)

Sett. Day's High Low Open Vol.

Oct 387.6 +1.5 389.5 387.6 68 13

Nov 388.5 +1.4 - - - - -

Dec 390.0 +1.4 390.5 389.5 4,111

Jan 391.5 +1.4 392.5 391.5 1,137

Feb 393.0 +1.4 394.0 393.0 1,137

Mar 394.5 +1.4 395.5 394.5 1,137

Apr 396.0 +1.4 397.0 396.0 1,137

May 397.5 +1.4 398.5 397.5 1,137

Jun 399.0 +1.4 400.0 399.0 1,137

Jul 400.5 +1.4 401.5 400.5 1,137

Aug 402.0 +1.4 403.0 402.0 1,137

Sep 403.5 +1.4 404.5 403.5 1,137

Oct 405.0 +1.4 406.0 405.0 1,137

Nov 406.5 +1.4 407.5 406.5 1,137

Dec 408.0 +1.4 409.0 408.0 1,137

Jan 409.5 +1.4 410.5 409.5 1,137

Feb 411.0 +1.4 412.0 411.0 1,137

Mar 412.5 +1.4 413.5 412.5 1,137

Apr 414.0 +1.4 415.0 414.0 1,137

May 415.5 +1.4 416.5 415.5 1,137

Jun 417.0 +1.4 418.0 417.0 1,137

Jul 418.5 +1.4 419.5 418.5 1,137

Aug 420.0 +1.4 421.0 420.0 1,137

Sep 421.5 +1.4 422.5 421.5 1,137

Oct 423.0 +1.4 424.0 423.0 1,137

Nov 424.5 +1.4 425.5 424.5 1,137

Dec 426.0 +1.4 427.0 426.0 1,137

Jan 427.5 +1.4 428.5 427.5 1,137

Feb 429.0 +1.4 430.0 429.0 1,137

Mar 430.5 +1.4 431.5 430.5 1,137

Apr 432.0 +1.4 433.0 432.0 1,137

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# FINANCIAL TIMES

Weekend October 15/October 16 1994

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## Size of RJB's coal bid surprises rival bidders

By Michael Smith

RJB Mining offered at least 50 per cent more than the next highest bidder to become the government's preferred candidate to buy British Coal's English mines, it emerged yesterday.

The gap will raise questions about RJB's assessment of the coal market and its ability to cut operating costs. Fellow bidders and British Coal executives have been surprised by the size of RJB's £500m offer.

None of the bidders will discuss its tender, but RJB's offer for the three English regions is understood to compare with considerably less than £500m from English Coal, a management buy-out team.

RJB and English Coal were the only companies that bid for all three regions. However, Coal Investments, a quoted company, is thought to have offered about £510m for the two central regions, which are the bulk of the English assets. The third region,

the north-east, is judged by analysts to be worth less than £20m. Some of the failed bidders hope RJB, which has a market value of less than £100m, will be unable to raise the more than £1bn it needs to finance the bid and provide working capital.

However, to win the government's backing RJB and its adviser Barclays de Zoete Wedd will have provided strong evidence that the money will be raised before the scheduled completion of the British Coal privatisation on December 31.

Ministers also sought reassurance on the long-term viability of RJB's business plan. Mr John Reynolds, analyst at James Capel, said yesterday that on his assumptions for the coal market and RJB's profit margins, the company would have a "crippling debt" and would provide negligible returns for equity investors after 1998.

That is the year contracts with electricity generators expire. RJB assumes the electricity genera-

tors will want more than 45m tonnes of coal a year until the end of the century, but some rival bidders believe a figure in the mid-30s would be optimistic. Mr Reynolds values the business RJB hopes to buy at "no more than £550m".

RJB and Barclays de Zoete Wedd are thought to be planning to raise about £400m through a share issue, including a public offer for sale. The rest of the £1bn would be provided by bank debt.

The business plan is likely to suggest that most of the debt will be paid back within three years and will point to strong cash flows from existing contracts with the generators. In addition, the company will hope to reduce the offer price in detailed negotiations over the next few months. However, the amount saved through negotiation is likely to be tens of millions rather than hundreds.

 Man in the News, Page 8  
 See Lex

## Blow to Ballardur as trade minister resigns

By John Riddling and David Buchanan in Paris

The wave of French corruption scandals last night claimed their most prominent victim with the resignation of Mr Gérard Longuet as trade and industry minister.

His departure is a blow to the centre-right government of Prime Minister Edouard Balladur. Mr Longuet was one of the most senior cabinet members and regarded as a key ally in Mr Balladur's campaign to win the presidency next year.

Mr Longuet is the second minister to resign since July, when Mr Alain Carignon stepped down as communications minister to face corruption charges. Earlier this week he was detained in a Lyon prison. A number of France's top businessmen have also been placed under investigation in a series of corruption cases.

Mr Longuet has been under increasing pressure to resign following charges of illicit payments for the building of his holiday villa in St Tropez. He is also one of the targets of a separate investigation into illegal corporate funding of the centre-right Republican party.

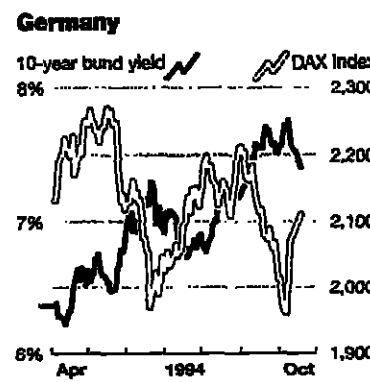
Mr Longuet is the president of the Republican party, the second-largest party in the ruling RPR Gaullist and centrist UDF coalition. Despite his resignation, aides indicated that Mr Longuet would remain head of the Republican party.

His departure will cause uncertainty over the course of French industrial policy. Mr Longuet has pushed strongly for privatising the more profitable parts of state-owned industry such as Renault, the automobile group and for restructuring loss-makers like Bull, the computer company.

Government officials said no decision has been taken on Mr Longuet's successor, but that it was possible that his sprawling industry dossier, which includes trade, posts and telecommunications, might be split up. One possible candidate for the industry post appears to be Mr Jean-Claude Gaudin, a Republican senator.

## THE LEX COLUMN Hamble pie

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August M3 growth disguised an acceleration in bank lending, a red rag to the Bundesbank bull. German industrial production is likely to pull back this autumn after a blip this summer. The more robust the recovery, the less Germany's unions will be prepared to settle for a moderate wage increase. That is an environment in which the Bundesbank is likely to tighten interest rates.

The complexity of Germany's voting system and the closeness of leading parties in the opinion polls make it hard for investors to guess the outcome. The least desirable development for the markets would be an alliance between the leftwing SPD and the Green party, supported by the former communist PDS party. Marginally more palatable would be a coalition between the SPD and the rightwing CDU/CSU. Either result would unsettle the markets next week. Thereafter it would serve to turn the spotlight more acutely on the fundamentals.

### Germany

The German stock market has risen by 7 per cent over the past week, and yields on 10-year government bonds have dropped 3 basis points to below 7.5 per cent. This reflects growing confidence that Chancellor Helmut Kohl's coalition will be re-elected in tomorrow's general election.

If so, euphoria is likely to be short-lived as investors start to concentrate once again on fundamentals. Earnings for Germany's bigger companies are set to rise by around 80 per cent this year and 40 per cent in 1995, but this still leaves the market on a high valuation of 16 to 17 times next year's earnings. As for bonds, an encouraging headline figure for

### UK gilts

With the governor adamant that bond markets are too pessimistic about inflation, the Bank of England was unlikely to opt for a long-dated auction this month. Unusually, however, it had the luxury of choice, as gilts continued to draw relative benefits from September's base rate rise. Moreover, after this week's heavy top sales, the Bank must feel comfortable with its funding programme. Unlike last year it can well afford to forgo an auction in November.

But the choice of a short maturity for October's auction leaves one problem unresolved. This year's funding

profile is not particularly tilted towards the short end of the yield curve, but the Bank continues to eschew the longest maturities of 25 years despite evident institutional demand. The lack of such paper - the longest-dated conventional gilt matures in 2017 - is a glaring gap in an otherwise richly-endowed market. The bank has yet to find a way of filling it without giving the impression that it has turned pessimistic about the course of rates.

The logic of the governor's approach is that rates will eventually fall as investors become more trusting on inflation. But the chances of substantially lower yields look slim in the short run. Worries persist about the US bond market, and gilt spreads over US and German government bonds have narrowed significantly over the past month. At around 100 and 130 basis points respectively, they may not have much further to go.

### RJB Mining

RJB Mining cannot be accused of lack of ambition. If the group's bid for the bulk of British Coal is successful, it will have a turnover in excess of £1bn, which is not bad for a company that did not even exist three years ago. But the scale of RJB Mining's ambition is also a concern. The group will need to raise about £1.1bn to cover working capital, restoration and subsidence bonds, and the purchase itself. That is a lot of money for a company with a market capitalisation of £17m. A substantial share issue is needed as well as hefty borrowing. The question is whether the group can pay back the banks and then provide a decent return for shareholders. Competitors, whose bids were between 30-50 per cent lower, believe not.

Shareholders will be gambling that costs can be attacked more aggressively than hitherto, and that RJB Mining's predictions for coal demand and prices are not over-optimistic. The danger is that the group will not have paid down debt by 1998 when the guaranteed contracts with the electricity generators run out. If that happens, and the group's forecasts prove unrealistic, the interest burden will leave little or no return for shareholders.

For what it is worth, the government adviser N.M. Rothschild has given RJB Mining's arithmetic its seal of approval. The UK's coal industry has a promising future if it is sold at the right price. Investors will need to study any prospectus with care.

## City expresses anger over Eurotunnel revenue targets

By Charles Batchelor, Transport Correspondent

Eurotunnel, which is due to announce its results for the first half of 1994 on Monday, was yesterday accused of taking a "flip-pant" approach to its investors only five months after making one of the largest rights issues in UK history.

The casual way in which Eurotunnel revealed last week that it would not make its forecasts of revenue prompted anger and unease in the City and led to a further fall in the company's share price. The shares fell 17p to 228p, down 30p on the week.

The latest upset in Eurotunnel's frequently stormy relationship with the City resulted from a remark by Mr Graham Corbett, chief financial officer,

that delays in the launch of tunnel rail services made it "blindingly obvious" that the company could not make its forecast for 1994 revenues of £137m.

"The surprise is in the flip-pant way this has been released to the market," said one analyst. "It was not blindingly obvious in May when they produced a 120-page rights issue document which had been vetted by their lawyers and bankers."

But Eurotunnel insisted yesterday that earlier press comment had concluded that forecasts would not be met and that there was nothing new in Mr Corbett's remarks.

Analysts estimated that the delays could reduce Eurotunnel's revenues by between £20m and £50m. This, combined with the decline in the company's share

price may put the company in breach of its banking covenants, they said.

Eurotunnel calculated in May that it had a buffer of £419m in its funding arrangements, including an assumption it would raise £200m from the sale of its warrants.

The more cautious estimates of its bankers gave it a funding margin of only £34m.

Eurotunnel denied that there was any danger of it breaking its bank covenants. It was not due to start calling down its bank facilities until next spring or summer at the earliest, it said.

The company's results statement will coincide with the announcement of the starting date and fares of Eurostar services connecting London, Paris and Brussels.

## Rouble

Continued from Page 1

IMF will press for a detailed and closely monitored level of monetary and fiscal rectitude. It does not intend to support a budget for 1995 unless the government's aims include reducing inflation to about 3 per cent or lower a month, and achieving a budget deficit of about 5 per cent of Gross National Product next year - compared with a level of about 11 per cent at present.

Mr Jeffrey Sachs, an economist and former Russian government adviser, said yesterday that "whatever happened this week, the basic reason is that the government has not put in place clear rules of the game - and so the power of a few insiders to stop reform is still too great".

## Thatcher allegations

Continued from Page 1

allegations would be discussed next week. But he is also considering calling on the government's spending watchdog, the National Audit Office, to undertake a fresh examination of Al Yamamah.

The £20bn arms deal was signed in 1986 as a government-to-government agreement, with British Aerospace named as the main contractor.

Mr Sheldon was instrumental in deciding that a 1992 NAO report was not published on grounds of national security.

He said the report showed no evidence of corruption and made no mention of Mr Thatcher. Mr Thatcher has remained silent publicly since last week-

end's allegations. But his mother earlier this week once again denied any impropriety in Al Yamamah, which she helped to win while prime minister.

However, a senior French defence executive said yesterday The Sunday Times allegations confirmed reports circulating among rival contractors during the initial bidding process.

Mr John Wyatt, director of Search Training International, a British security company which won a contract under the package, said: "There was an agreed figure [for the package] under which all military items were subsequently drawn down. I think this made it difficult to check the authorisation of the payments. I am not surprised it was open to misuse."

Pressure for Mr Longuet's resignation has grown steadily since the leaking of a judge's report to the justice ministry last month, accusing the minister of corruption.

The justice ministry, with Mr Ballardur's backing, granted Mr Longuet until the end of this month to clear himself of the allegations before the filing of formal charges. This, in turn, brought the prime minister under increasing criticism that he was sheltering a political ally. Mr Longuet's aides insist that he will succeed in disproving charges that he allowed a friendly contractor to subsidise the building of his villa, but that "the desire for blood in this case" had made his position untenable.

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#### Europe today

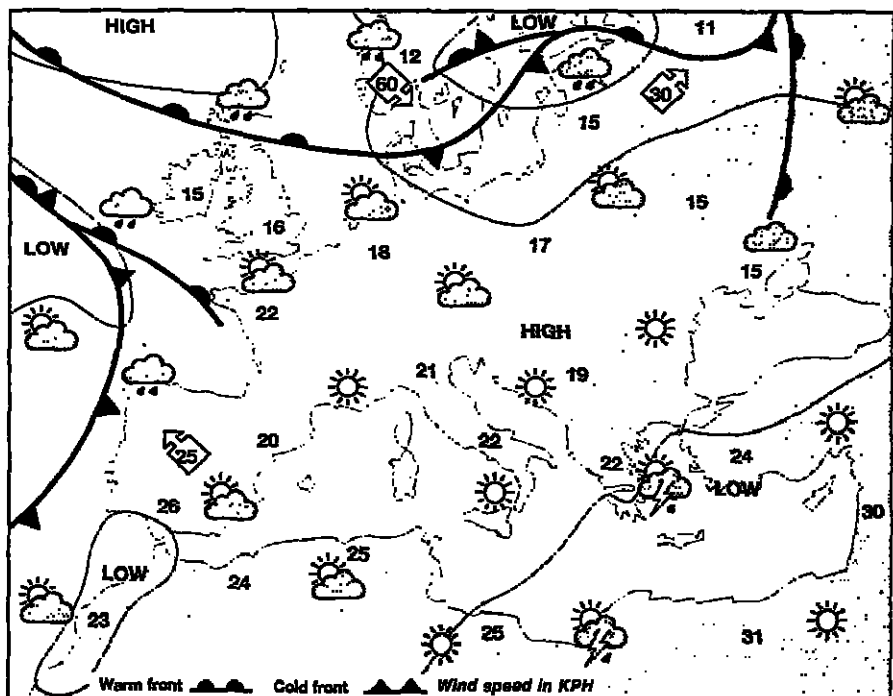
Most central parts of the continent will have plentiful sunshine, although there will be patchy cloud in Benelux. Germany and northern France, Southern France and Italy will be sunny. Rain will linger in north-western Spain, while eastern Spain stays dry with sunny spells. The south-eastern Balkan States will be cloudy. Thunder will develop over the Mediterranean south of Greece. North-eastern Europe and sections of Scandinavia will have sunny intervals. Western Norway and southern Finland will have steady rain with near gale force wind. The northern Baltic States will also have occasional rain.

#### Five-day forecast

High pressure over Iceland will approach north-western Europe bringing a north-westerly flow of cold and unstable air to the continent. Temperatures will drop in much of Europe and conditions will become more unsettled. Showers will develop over the North Sea. Parts of northern Scandinavia will have snow. Thundery showers will remain over the central Mediterranean.

#### TODAY'S TEMPERATURES

Abu Dhabi	fair	34	Beijing	fair	19	Cardiff	cloudy	15	Caracas	thund	31	Faro	shower	24	Madrid	shower	21	Panagiot	shower	34
Accra	fair	29	Belfast	cloudy	14	Chengdu	sun	18	Casablanca	sun	19	Frankfurt	cloudy	23	Melilla	cloudy	25	Riyadh	shower	26
Algiers	fair	25	Berlin	fair	16	Dhaka	sun	28	Cologne	fair	18	Gibraltar	shower	22	Moscow	cloudy	16	Rome	sun	22
Amsterdam	fair	15	Bombay	shower	27	Dubai	sun	34	Hamburg	fair	18	Glasgow	drizzle	13	Munich	thund	23	S. Frisco	fair	18
Athens	thund	22	Hong Kong	fair	24	Dublin	cloudy	15	Heidelberg	fair	18	Harbin	fog	13	Osaka	cloudy	17	Singapore	shower	31
Atlanta	cloudy	22	Islamabad	sun	18	Dublin	cloudy	15	Helsinki	fair	18	Hong Kong	fair	30	Seoul	thund	30	Stockholm	drizzle	12
B. Aires	sun	26	Jakarta	sun	34	Dublin	cloudy	15	Hong Kong	fair	30	Hong Kong	fair	30	Singapore	thund	30	Strasbourg	sun	20
Bombay	sun	28	Kuala Lumpur	sun	34	Dublin	cloudy	15	Hong Kong	fair	30	Hong Kong	fair	30	Singapore	thund	30	Taipei	sun	22
Buenos Aires	sun	28	London	sun	18	Dublin	cloudy	15	Hong Kong	fair	30	Hong Kong	fair	30	Singapore	thund	30	Tokyo	fair	23
Bangkok	shower	34	Lyon	sun	18	Dublin	cloudy	15	Hong Kong	fair	30	Hong Kong	fair	30	Singapore	thund	30	Winnipeg	rain	14
Barcelona	cloudy	21	Manila	sun	28	Dublin	cloudy	15	Hong Kong	fair	30	Hong Kong	fair	30	Singapore	thund	30	Zurich	sun	18



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

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# Weekend FT

SECTION II

Weekend October 15/October 16 1994

## Democracy in Haiti – will the rich buy it?

**W**ater. One word can stand for all the difficulties and dangers which beset Jean Bertrand Aristide, the president of Haiti, on his return from exile today, under the protection of American guns.

The first thing that strikes a visitor to the slums of Port au Prince is the ceaseless procession of people with 10-gallon buckets on their heads, to and from the well.

The second thing that a privileged visitor might notice is the elegance of the villas on the surrounding hills. The rich people who prospered under a succession of dictators, made their homes up there; and they are unhappy.

Water is abundant among the shady patios, the bougainvillea, and the landscaped gardens. But the swimming pools are green with algae. During the turmoil, electricity supplies have been so unreliable that it has been impossible to keep the pools properly filtered.

Thousands of poor Haitians, who lack the simplest necessities, are expected to throng the streets today, to welcome back their champion, the first president ever to be elected by popular vote. But if Aristide wants to keep the crowds cheering, and to show that democratic freedom can also bring them running water, he may be forced to look first to the needs of the bathing classes.

The most prominent of these are six mainly mulatto families, who dominate the Haitian economy and have subtly exerted power over even the most vicious of recent rulers. Some, at least, appear to have been deeply implicated in the ousting of Aristide in favour of the most recent military dictator.

Through the years of "murderous kleptocracy" in Haiti, as Duvalier rule from 1957 to 1986 has been called, and the short-lived dictators who have followed (apart from seven months of democratic rule in 1991), the families which own the commercial monopolies have all but run the Haitian economy and acted as the puppeteers for the country's leaders.

The US government has won at least a superficial blow for democracy by paying its dues to Haiti's economic elite. Aristide, who was elected as a radical reformer, will have to overcome a hostile legacy and do the same if anything like a

free country with a stabilising middle class is to be developed.

In the 1980s, the US circulated papers linking five of the leading families to the dictators and their murderous paramilitaries. Now the US government has come to terms with the oligarchs. It knows that if you want democracy in Haiti, you have to do business with the families which own it.

When former President Jimmy Carter came to Port-au-Prince to negotiate the US and Haiti out of the US and into a co-operative restoration of Aristide, he made a point of feigning the local barons with grand dinners and intimate talks. General Henry Hugh Shelton, US Commander of the Joint Task Force in Haiti, has gone one stage further and entered into leasing agreements on their properties.

### As Haiti's President Aristide returns from exile, James Harding considers the ruling elite's role

Despite the US courtship, the grandees will not be on the streets cheering Aristide home. Although most paint themselves as champions of democracy few have fond memories of the liberation theologian's brief spell in the presidential palace.

"We didn't have democracy under Aristide," says Olivier Nadal, secretary general of the Haitian Chamber of Commerce. "He was constantly attacking the bourgeoisie... his mob was in the streets, he sent people on to my land, to take away my land. We could still work, but it was very scary."

Most business leaders hope, but are not convinced, that three years in Washington will have tempered the anti-bourgeois rhetoric of the populist preacher swept into power in 1990 by the mass coalition, *Lavalas* – the flood meant to wash away corruption and emancipate the Haitian poor.

Nadal finds it hard to believe that Aristide has changed and refers to sermons such as the one in which he talks of "...the class of landowners and the bourgeoisie who live off the corrupt system we have

in Haiti, who do nothing, who give nothing back to the country, who steal what little wealth we have and put it into banks in foreign countries. Their private property is... Haitian property, it does not belong to them."

The wealthy should be accustomed to the people's struggle. Haiti, the only country in the world to have witnessed a successful black slave revolt, has a strong history of popular uprisings and movements for street justice or *deshoukay*.

But such hostility is not what the business families had come to expect of Haiti's rulers. Quite the opposite, relations had historically been cosy.

The half dozen clans are not the inheritors of French colonial wealth dating back two centuries. They multiplied their capital over the last 50 years thanks to a deft handling of governments which granted them monopolies in exchange for support and financial favours.

The Behrmans made their money on concessions to import cars and trucks. The Madens controlled beer and much of the coffee. The Bigios are sole producers of iron, steel and construction materials. The Accras, the textile magnates, have benefited from government contracts for school and army uniforms.

The most prominent business families, the Mevs and the Brandts, have diversified considerably since the days of Francois "Papa Doc" Duvalier, but their empires are also built on exclusive rights to trade and produce.

The Mevs family has invested in port terminals and energy facilities based on capital from their manufacturing and sugar production monopolies. The Brandts have diversified similarly on the back of their original detergents and edible oils origins.

The proximity of businessmen and the military is barely disguised. When Gregory Mevs, president of the infrastructure interests of his family's multi-faceted business, fumbled to find his business card on introduction, he joked: "I have so many generals and colonels walking through my office every day, I don't need business cards."

They mix socially and have a history of what one Haitian called "financial friendship". Some

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### The Long View / Barry Riley

## Basildon misses out



For the battle-hardened commentator on Britain's financial and economic affairs, the news seems just too good to be true. This week, underlying retail price inflation fell to a bare 2 per cent, the lowest since 1987 while, coincidentally, unemployment figures showed a continuing fall, reflecting an economic growth rate which may be close to 4 per cent. An unexpected export boom is, meanwhile, shattering the balance of payments deficit.

The financial markets have certainly decided that they overdid the gloom temporarily in September. In the gilt-edged market, fixed interest yields have been falling while the real yields on index-linked gilts have scarcely changed – a sign that inflationary fears are receding. Indeed, powerful deflationary forces continue to grip the western economies (although inflation is not dead – it has just moved to Russia, where the trouble has plunged against the dollar and shopkeepers were reported to be writing up imported food prices by 50 per cent on Wednesday).

In the UK, however, you have to be some kind of monetarist nutter fretting about M0 – which is rising at a slightly worrying 7.1 per cent year-on-year – to be especially troubled about inflation. In fact, annual inflation has probably now bottomed out: wholesale raw material prices are rising at a more vigorous 5.7 per cent and it will be hard to repeat last year's trick of a standstill in retail prices between September and February, so year-on-year inflation will tend to edge up. But the broad money measure, M4, is growing at only 4.7 per cent, so there is absolutely no prospect that any acceleration of inflation will be of great significance.

No wonder Bank of England governor Eddie George was in a frustrated frame of mind this week when he spoke out against the pessimism of the financial markets – which appear to be expecting base rates and inflation to jump. That could have been an implied hint that

interest rates will not rise any further this year. Yet, British economic management, for all its glow of achievement, is still a long way from becoming respectable. It is, after all, only just over two years since the ignominious exit from the European exchange rate mechanism. Since then, more by luck than judgment, the government has achieved the first half of a brilliant economic strategy. This was to trigger a highly successful devaluation, which has stimulated economic recovery without generating inflation.

There is, however, a second stage of the transformation to be achieved, because the British economy remains seriously distorted. The outsized public sector deficit, a legacy from the recession and the public spending bonanza which won the 1992 election, is falling but is still likely to be about 6 per cent of GDP in the present financial year. The counterpart to that heavy public sector borrowing is the build-up of large surpluses in the private sector. The company sector, for instance, ran a financial surplus of £9.5bn in the first half of 1994, while the corresponding surplus for the personal sector was £10.8bn.

The recent benign trends in the economy have depended upon restraint in the private sector's readiness to spend its wealth – aided, of course, by the higher personal taxes which are redressing the imbalances only gradually. All the same, a spending spree could yet give the economy a push along its familiar path towards inflation and a balance of payments crisis.

Two factors seem important in restraining the personal sector. One is the continuing high level of unemployment – despite the overall decline from the peak – and the unusually high levels of insecurity in a hire-and-fire economy. The second is the chronic sickness of the housing market, which appears to have been dealt a nasty blow by the half-point rise in mortgage rates. According to the Halifax building

society, house prices, after their attempt at recovery starting last winter, are now back to 1992 levels and are unlikely to pick up again before next spring. September house buying and selling activity, reflected in the Corporate Estate Agents' Index was 6 per cent down on the same month last year.

There is a positive way of looking at this: it might just go to show what an inflationary disaster the politically-motivated over-stimulation of the housing market has been for the British economy over 30 years. Some of the last subsidies and distortions are being removed (mortgage interest tax relief will be restricted to 15 per cent next April) and demographic factors are turning negative.

So, we can hope that future economic growth will no longer necessarily lead to a credit bubble and consumer boom focused upon house prices and equity release (that is, mortgage money spent on consumer goods). Symbolically, the Nationwide building society has just sold 300 loss-making estate agencies for £1 the lot.

Whether Basildon Man – that barometer of the nation from Essex – will see the positive side of this, as his prospect of escaping the negative equity trap retreats for another year or two, is another matter entirely. This is not the way the Tories won four elections in a row. They may soon worry that it is not the way they will win the next one. But if this economic upturn is to stay steady and well-balanced, George and Chancellor Kenneth Clarke will have to keep the housing market clamped down. Arguably, that was the primary aim of last month's interest rate rise.

Clarke could calculate, however, that surely there would be no harm in a modest house price boomlet in, say, late 1995 and 1996. He will also want to cut personal taxes ahead of the next general election. Such manoeuvres would not help George to coax the money market and gilt-edged yield curves into shapes which he might regard as reasonable. But at least veteran columnists would find themselves back in familiar territory.

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## MARKETS

## London

## Equities surge after bond clouds clear

Andrew Bolger

What a difference a few days can make. The surge in equity prices this week reflected a growing belief that US and UK interest rates will not have to rise - at least not yet.

The recovery in London shares started towards the end of the previous week, when US payroll and unemployment data failed to provoke a feared increase in the Federal Reserve's interest rate. A string of further economic indicators this week calmed inflation concerns in the US and led to a strong performance by both bond and equity in the European and the US.

The resurgence of the London market culminated on Thursday with a 41.4-point rise in the FT-SE 100, following confirmation that US producer prices were still subdued. Although the FT-SE shed 35 points yesterday, it still closed 104 points up on the week - and 150 points above its trough

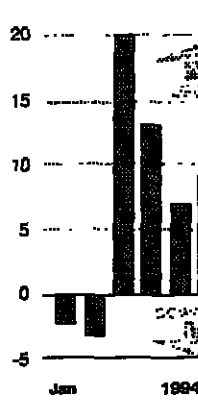
at the beginning of the month. Not all the good news came from the US. Conservatives meeting at the party's Bournemouth conference were able to celebrate the fall in the UK's underlying rate of inflation to 2 per cent last month - its lowest level for 27 years. September's figures also suggested that falling unemployment was not resulting in pressure for higher wages.

Eddie George, the governor of the Bank of England, said bond markets in the UK and abroad were exaggerating the likely upward movement in inflation in the industrial countries, including Britain. The governor told the British-American Chamber of Commerce that financial markets were also probably exaggerating the likely pace and size of the increases in short-term interest rates that might be needed to keep inflation down.

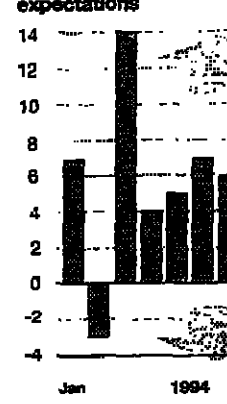
The governor's remarks found a ready reception in the City. A survey showed UK fund managers had already become much more optimistic

## Better than expected

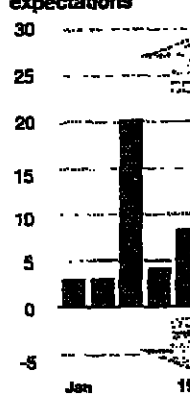
Analysts' forecasts



Trading statements v expectations



Company results v expectations



Source: NatWest Securities

about gilts following last month's base rate increase. The balance of fund managers looking to increase gilts holdings had this month jumped to 47 per cent from 4 per cent in September.

As the clouds over the bond market dispersed, investors and traders were able to take a fresh look at recent corporate performance. NatWest Securities pointed out that the autumn reporting season had not been a disaster - in spite of a few high-profile cases such as BTR, the engineering group which warned of margin pressure, and S.G. Warburg, the merchant bank which revealed big trading losses.

The chart shows that most company results and trading statements have exceeded market expectations - leading analysts to upgrade their profit and dividend forecasts. However, low inflation does

not always spell good news. Albert Fisher, the food processing and distribution group, this week opted out of the UK's baked bean price war, which has seen supermarkets selling own-label beans for 7p a can or less. It sold a canning and bottling plant at Stratford-upon-Avon to Campbell Grocery Products, a subsidiary of the US food group, for £37m.

The depressed state of the housing market has also not helped Nationwide building society, which agreed to sell for just £1.2 a share to 304 estate agency branches it had acquired for £120m since 1987. Financial services groups paid high prices in the late 1980s for estate agencies, in the hope they could use them to sell a range of services such as home loans and insurance policies. The collapse of the housing market has led to mounting losses, closures and disposals.

Any complacency over the inflationary outlook could also prove premature. The cost of raw materials used by British manufacturers rose significantly last month as the surge in world commodity prices pushed up the expense of imported materials. The cost of goods leaving factory gates rose at a relatively subdued rate, suggesting that many companies are still being forced to absorb rising costs.

Lucas Industries, the automotive and aerospace components group, managed to report a slight increase in profit margins - but this was mainly because of a sharp reduction in the group's workforce, which has been cut by 3,300 to 45,700 in the past year. Lucas shares rose, even though its new chief executive, George Simpson,

announced a further refocusing on the Birmingham-based company. The former Rover chairman's plan involves further disposals and a total of £214m in exceptional charges - double previous forecasts.

VSEL, the Cumbrian-based maker of Trident nuclear submarines, faces restructuring of a different kind - being swallowed by another large defence contractor. GEC, the defence and electronics group, is this week considering whether to make a cash offer for VSEL, to counter an agreed all-share bid worth £479m from British Aerospace. Whichever group emerges victorious, the outcome will mean a further significant step in the consolidation of Britain's shrinking defence sector.

Being taken over by a competitor might be a blessed release for Aerostructures Hamble, the aircraft components maker which came to the market in June and has already proved itself the worst performer of the recent wave of flotations. The shares, launched at 120p, yesterday collapsed to 34p after the group reported a sharp drop in interim profits, warning that next year's sales would be well below this year's and said its chief executive was stepping down because of ill-health.

Institutions have become jaundiced about the quality of some of the new issues which have been flooding on to the market. The chairman of Aerostructures Hamble is Lord King, the former chairman of British Airways. He and N.M. Rothschild, the merchant bank which advised on the group's flotation, can expect some stiff questioning from irate investors.

## Serious Money

## The Soros way to sensible investing

Gillian O'Connor, personal finance editor

International speculator George Soros calls his theory reflexivity. The investor cannot make a totally objective assessment of markets, for his own views become one of the factors which influence future developments. A market consensus results in a bias, which can sometimes affect not just market prices but events in the outside world of fundamentals - which those market prices aim to reflect.

So, the investor is not just shooting at a moving target - he is shooting at a target which is moving all the faster because he is chasing it. There is a double feedback mechanism at work. As Soros himself puts it: "The stock market is generally believed to anticipate recessions; it would be more correct to say that it can help to precipitate them. Thus, I replace the assertion that the market is always right with two others:

"1. Markets are always biased in one direction or another."

"2. Markets can influence the events they anticipate."

A neat example of reflexivity in action was last month's decision by Chancellor Kenneth Clarke and Bank of England governor Eddie George to increase base rates from 5.25 to 5.75 per cent. The minutes of that meeting, published this week, make it clear that the attitude of financial markets played an important role in the decision.

The Chancellor noted that the markets were expecting interest rates to be raised sooner rather than later. He was concerned that if their expectations were not realised, markets could become more volatile and the eventual increase might need to be larger.

George, who had proposed the increase, admitted there were arguments for delaying it but worried that such delay would increase the dangers - including financial market

dangers. So, in the end, Clarke decided that an immediate increase in rates would be an act of prudent economic management.

He added that moving rates then would keep the authorities in control, rather than being driven by the market. (Even chancellors need comforting illusions.)

The markets' expectations altered the course of events because of the influence they had on people with the power to fulfil those expectations. The base rate increase was premature. But an investor analysing the economic fundamentals correctly, and investing on the assumption that there would not be an early increase in rates, would have been wrong-footed.

So, the intelligent investor needs to do more than consider the relevant fundamentals in any market. He needs also to weigh up the opinions of other influential investors and how people in the real world are likely to react to their perception of those opinions.

If all this sounds hard, that is because it is. Soros himself once commented: "I make as many mistakes as the next guy. Where I excel is at recognising my mistakes."

This week produced a couple of salutary reminders that equity investment is as much about risk as about reward.

The first, described in detail on page V, comes from Russia. Emerging market fund managers, following Templeton's guru Mark Mobius, are eyeing Russia as the next honey-pot in the making. Barely was the ink dry on the first press reports of Mobius's enthusiasm, when the rouble plunged by a fifth - only to make up virtually all its lost ground two days later. Not quite like the home life of our own, dear Footsie.

The other is a continuing horror story called Aerostructures Hamble. Floated on the

UK market in June at 120p, it touched 21p yesterday after profit warning piled upon profit warning. A small hunch mob is prowling the City, furious that no details of the problems appeared in the prospectus.

Remember Benjamin Graham's adage: "Most new issues are sold under 'favourable' market conditions" which means favourable for the seller."

□ □ □

Guaranteed equity bonds - which combine a capital guarantee with some exposure to the stock market - are aimed mainly at building society investors (see page V17 for some ongoing offers). So, why have they been made so complicated that the terms are hard even for professional advisers to assess? There is no easy way to pick out the best buys - the answer depends on your assumptions.

All the bonds have slightly different minimum repayments; different percentages of your starting capital are linked to different multiples of FT-SE growth; some have a cap limiting the maximum return. What you get depends on your rate. And comparisons with other investments have to adjust for the fact that these bonds produce no income.

Yet, they are being sold to people who are assumed to be stock market virgins.

□ □ □

September's inflation figure - the lowest for 27 years - is good news for most. But not for pensioners. The September figure for the annual growth in the retail prices index (clocked at 2.2 per cent) is the one on which increases in state pensions and other benefits are based. Everybody's good news is somebody's bad news.

\* *The Alchemy of Finance*, by George Soros, published by John Wiley & Sons.

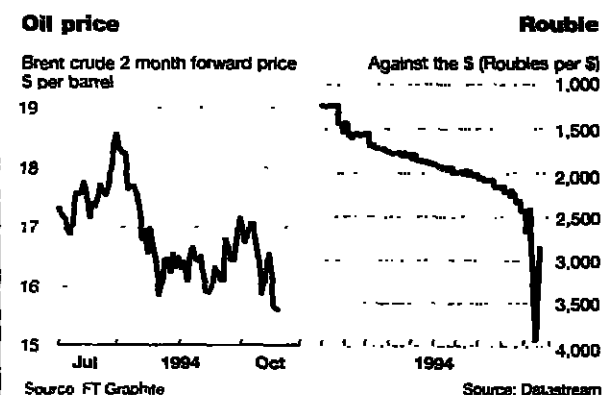
## HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	3106.7	+108.0	3520.3	2876.6	Interest rate fears wane
Aero Hamble	24	-35	126	20 1/2	Profits warning
Alexandra Workwear	153	-29	230	153	Disappointing figures
Amerham Int	988	-84	1141	910	Japanese deal
BAA	508	+34	541 1/2	440	Strong traffic flows
Cable & Wireless	421	+31	543	381	Demerger rumours/Share "buy" note
Eurotunnel Uts	228	-20	582 1/2	223	Refinancing worries
Kleinwort Benson	464	+31	693	424	Smith "buy" note/Moody's upgrade
Matthew Clark	590	-39	646	544	Acquisition of Geymer group
Securitor A	947	+52	1069	785	Cellnet stake sale rumours
Senior Eng	72	-39	150 1/2	72	Profits warning
Standard Chartered	280	+22	359 1/2	223	NatWest Securities "buy" note
Stanhope	10	-9	50	10	Co in bid talks below market price
Tay Homes	183	+32	257	151	Doubled interim profits
VSEL	1325	+147	1328	980	Bid from British Aerospace

## AT A GLANCE

## Finance and the Family Index

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Turning share losses into benefit/Annuities/Guaranteed equity bonds ..... VII  
Q&A briefcase/Pihs/Highest Rates/New trust launches ..... VIII



## Iraqi troop movements give oil market food for thought

The movement of Iraqi troops close to the border with Kuwait caused an initial tremor in the oil markets but prices have dropped as chances of the US lifting the oil embargo against Iraq receded. The two-month forward price for Brent crude has fallen by more than \$1 since the incident began at the end of last week.

## Tough times for the rouble

It has been a tough week for the rouble. President Yeltsin sacked his finance minister on Wednesday after the rouble fell 21.5 per cent against the US dollar on Tuesday. On Thursday, amid rumours of heavy intervention by the central bank, it bounced back 20 per cent. The central bank's foreign currency reserves have been heavily depleted this month. The reason for the rollercoaster currency movements is not entirely clear, but there has been speculation that the collapse was engineered by conservatives hoping to discredit the reform process and destabilise the government. From Russia with confidence, page V.

## Strong response on BT3

Investors in BT3 (the third tranche of shares in British Telecom) responded strongly to the call for the third and final instalment on the shares, due last week - 94 per cent paid up by the due date, compared with 91 per cent for the second call on BT2, and 88.5 per cent for the second instalment on shares in the regional electricity companies. Shares of investors who do not pay on time are taken by the Treasury, sold, and the proceeds returned less costs. Shareholders paid a total of 410p; BT shares last week were trading at just under 400p.

## C&amp;G letter warning

Cheltenham & Gloucester building society is writing to those who do not qualify for a share of the cash bonus offered in the wake of Lloyd Bank's £1.8bn bid for the society.

## Smaller companies fall

Smaller company shares continued to fall this week. The Hoare Govett Smaller Companies Index (capital gains version) fell 1.1 per cent to 1618.67 over the week to October 13. The index is now down 4.3 per cent from the start of the year, compared with the FT-SE-A-All-share index, which is down 7.5 per cent over the same period.

## Wall Street

## Investors search hard for new worries

Wall Street's latest inflation scare seems to be over - at least for now. After fretting about whether factory and retail prices rose sharply in September or not, investors' nerves were calmed this week by data showing surprisingly a low inflation rate.

The news lifted bonds and stocks, which were given an additional boost by a promising opening to the third quarter reporting season.

Yet, the warm glow left by the September inflation figures will soon fade, probably by Monday. Once the new week starts, investors will start worrying about something else. Will this be the last quarter of strong corporate earnings before the Federal Reserve's monetary policy tightenings start to take effect? Will the dollar weaken further? Is the economy still growing too strongly for the Fed's liking? Thus, will the central bank sanction another rate increase before the end of November?

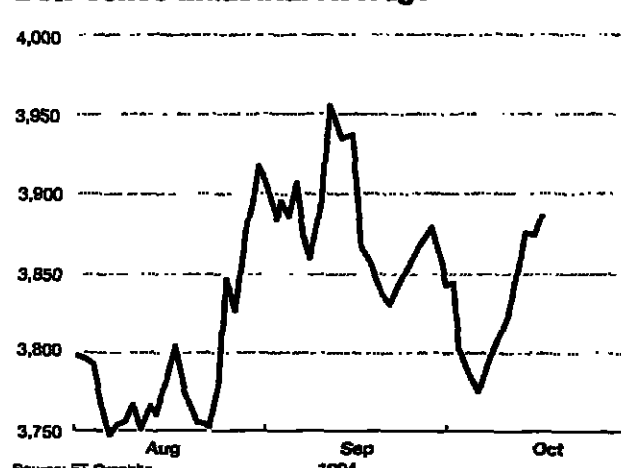
Soon, it will be time for investors to start fretting about the October inflation data, and the

whole cycle can begin again, for Wall Street just cannot seem to shake its inflation bug, even after this week's reassuring statistics. On Thursday the government reported that producer prices fell 0.5 per cent in September, the steepest decline since August 1993. Yesterday's consumer prices data were almost as encouraging, with the consumer price index rising just 0.2 per cent last month.

Since the start of the year, producer prices have risen 1.9 per cent, and consumer prices 2.8 per cent. This means that the rate of inflation has barely budged since last year, even though consumers continue to spend, jobs continue to be created and the economy continues to grow at an impressive rate. Investors worried about inflation have been unable to draw much comfort from the low rate of price increases because they cannot believe that current solid economic growth and low inflation can last for long.

Yet, there are some good reasons why inflation is low now, and likely to stay that way: commodity prices remain low (the threat of another con-

## Dow Jones Industrial Average



Then there is the Fed factor. Interest rates have been raised five times this year, and this tightening of policy should eventually take its toll on the economy. Assuming that it does, and economic growth slows down in 1994 because of the Fed's actions, it is safe to assume that any inflationary pressures in the system will also ease next year. If inflation is running at around 3 per

cent this year, it is difficult to envisage it rising much above that rate in 1994.

At some stage, the bond market is going to wake up to the fact that inflation is not going to prove as bad as they expected. When it does, long term interest rates, which are hovering around 8 per cent today, should come down. Until that happens, however, the stock market is probably going to continue to struggle to break out of its trading range, which over the past few months has left the Dow Jones industrial average stuck between 3,800 and 3,950.

At least investors can draw strength from corporate profits, which looks as if they will post handsome growth in the latest quarter. Although there were a handful of disappointments (Weyerhaeuser, CDS, JP Morgan), the trend in earnings remains positive, and four companies which represent a good cross-section of the US economy - Chrysler, PepsiCo, Apple Computer and Motorola - all had good news this week.

Chrysler's was the most impressive. The carmaker posted a 54 per cent improvement in three-month profits to

\$651m as demand for its most popular models in North America again outstripped supply. Analysts expect Ford and General Motors to perform equally well.

PepsiCo's results also came as a pleasant surprise to analysts and investors. The group reported an 18 per cent increase in earnings to \$511.4m as soft drinks sales growth offset disappointing sales in the fast food division. The news lifted PepsiCo's stock by 1 1/2 to \$34.

Apple Computer and Motorola, meanwhile, helped provide a boost to a flagging technology sector. Motorola's profits jumped 50 per cent to a record \$360m in the third quarter, while Apple said it would beat analysts' forecasts of its earnings when it reports fiscal fourth quarter profits next week, news which lifted the company's stock to a new 14-month high of \$39 1/2.

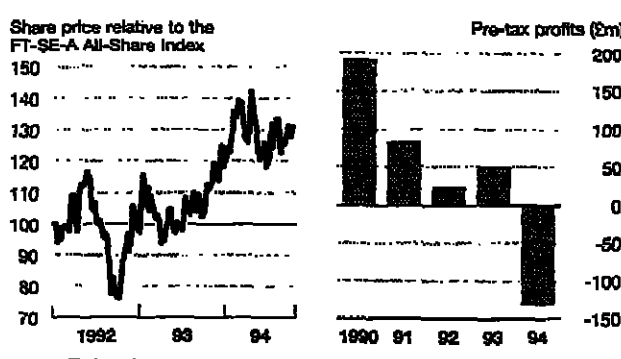
Patrick Harverson

Monday	3521.32	+ 23.89
Tuesday	3576.83	+ 55.51
Wednesday	3575.15	- 01.68
Thursday	3589.95	+ 14.80
Friday		

## The Bottom Line

## Lucas? Leave it to George

## Lucas Industries



ing improved earnings and, on the back of that, at least a maintained 1994-95 dividend of 7p. Albert E. Sharp, for example, suggests pre-tax earnings this year of £125m compared with £84.2m in 1993-94 before the exceptional items. Second, the exceptional

about 4.5 per cent, higher than the sector average, and this is helping to hold the price up.

Whether the share price will be sustained depends on patience with Simpson and his team. Even he acknowledges it will take two or three years to complete a rationalisation programme and to improve financial performance.

There is a familiar look about all this. Lucas has been rationalising or shifting focus - all the vogues - ever since 1981. In 1984-85, it had what reports of the time called "a comprehensive programme" to jack up efficiency and reduce costs. "Too many products and too many plants" was the cry then, just as it is now.

Lucas seems always to be doing what conventional wisdom suggests it ought to do. It was an early UK exponent of Japanese management systems. In the second half of

the 1980s, when it again became more fashionable to diversify, Lucas diversified into the sort of software and systems companies it now cannot wait to sell. Recession pushed it back into trimming mode: "modernisation of facilities and integration of operations into fewer sites," it announced in October 1992 as it declared restructuring provisions of £88.4m, a larger sum than Simpson has put aside for the same purpose.

So, what is new about George? He does not present himself as an avenging angel. Rather, he talks of accelerating change. He works off the base of Lucas technological skills: at the hardest times, the group held up its research and development spending. His particular emphasis will be changing the presentation of the technology, giving it what he calls "market pull".

Lucas will seek not just to present its wares to the market but to fashion its wares to the needs of the market. George Simpson knows about customers.

Paul Cheeseright



## FINANCE AND THE FAMILY

## So you're thinking of going offshore...

Scheherazade Daneshkhu and Bethan Hutton explain what it involves

**T**he word "offshore" conjures images of white sand, palm trees and discreet financial dealings.

But offshore investment these days can be as close to home as Dublin and Luxembourg, and is open to ordinary investors as well as millionaires.

Offshore, just as onshore, there are big differences between unit and investment trust-type investment funds, although they may not bear the same names. The distinction made is between open-ended funds (like unit trusts) and closed-end funds (like investment trusts).

There is a huge variety of offshore open-ended funds aimed at private investors but, so far, they have not had much involvement in closed-end funds.

**INVESTMENT TRUSTS**  
Offshore closed-end funds, just like investment trusts, are registered as companies, and listed on a stock exchange. This often involves two separate places: for example, a trust could be registered in Jersey but listed on the Dublin stock exchange. Some trusts are registered offshore but have London listings; this makes them more accessible to UK investors.

**Why offshore?** Funds tend to be launched this way because it is quicker and cheaper than setting up a new investment trust in London. Regulation is lighter and the tax treatment is more favourable. Also, managers have greater freedom to invest in the newest, riskiest emerging markets than they would with a London-based fund.

Recent offshore launches have included trusts concentrating on Russia, eastern Europe, North Africa, the Indian sub-continent and other markets which are only just emerging. A large number are single-country funds, which are riskier than broader-based regional or international ones, and most are aimed at institutional investors.

Offshore closed-end funds are only for the wealthy and the brave. These funds plunge into emerging markets at a very early stage. They can give private investors the chance to get in at the same time as the really big players; but although there is the possibility of sometimes spectacular gains, you are also running much bigger risks by investing in untried markets (see Russia on page 15).

A few offshore investment trusts have crept back onshore recently because the markets in which they invest, and the investors at whom they are aiming, have changed over time.

**T**he trend to move offshore can present an opportunity to alert investors, as discounts on offshore funds are considerably wider than onshore funds. According to Rupert Lea, of Baring Securities, a London-listed Far Eastern investment trust might have a discount of less than 10 per cent, while its offshore equivalent might be at 20 per cent or more. So, when a fund moves onshore, existing investors stand to gain simply by the likely narrowing of the discount.

Most offshore funds have a limited life span of five to 10 years, so another approach is to look for a fund at a wide discount with two to three years to run. If you hold until wind-up, you will receive the value of your share of its assets, rather than the discounted share price.

**Tax.** The treatment of closed-end offshore funds depends on whether the fund has a limited life and, if so, how long it has to go until wind-up. If the fund has an unlimited life, or more than seven years left when you invest, income and gains will be treated in the same way as from UK investment trusts, including the use of the annual capital gains tax allowance and indexation. But if the fund has less than seven years to run, and unless it has distributor status (see below), both income and capital gains are taxed as income.

**Buying and selling.** There are no legal barriers to buying offshore investment trusts - only practical ones. Information on them is hard to find: some funds are listed in the FT (under managed funds or investment companies), particularly those with a London listing, but by no means all. Otherwise, you might have to look to specialist brokers and analysts for information.

Finding a private client stockbroker willing to deal in offshore closed-end funds is the biggest hurdle for private investors; very few are able to advise on them. Once you have found a suitable broker, you also face higher dealing costs

than for London-listed investment trusts.

Fidelity Brokerage, for example, charges £100 commission on transactions up to £2,500 of non-UK or US shares, compared with £25 on UK transactions up to £2,500. It is probably cost-effective only if you are dealing in relatively large amounts - say, £5,000 or £10,000. Most offshore funds are dollar-denominated, so you could also have to set up a foreign currency account.

Then, you have to consider other dealing problems. The main markets for these funds, such as Dublin and Luxembourg, are much smaller and less liquid than the London stock exchange. It can be difficult to get the size of order you want, and the bid-offer spreads may be wide. Most markets do not have market-makers: deals go through on a matched-basis.

If turnover in a particular fund's shares is low, you could have to wait for a counter-party to surface. Likewise, it might be difficult to sell precisely when you want. Mudi Onorbie, an analyst at specialist country fund broker Olliff & Partners, says this is because many of the offshore funds do not expect to have an active after-market in their shares. The funds have a limited life, and the majority of investors are expected to stay in from launch to wind-up.

**D**avid Bowen, a director of Jersey-based stockbroker Jefferson Seal, says he is wary of investing in offshore closed-end funds which often publish asset values only once a month. Investors may have to buy shares without knowing the real current asset value, and this can be particularly worrying in the more volatile emerging markets which can fall 30 per cent from one month to the next.

If you do decide to invest in such a fund, Bowen recommends ensuring peace of mind by picking one run by a big, reputable fund manager which also manages onshore funds.

**UNIT TRUSTS**  
There are a very large number of open-ended offshore funds. Looking at the list of offshore funds which the FT publishes on its Managed Funds pages gives an idea of their number and variety.

**Why offshore?** Investment freedom has been a major reason although this will soon become largely redundant when a change in the rules of the Securities and Investments Board - the chief City regulator - will give fund managers greater scope.

Onshore unit trusts have not been allowed to invest more than 10 per cent of the fund in a market not on SIB's "approved" list. The list will disappear from the beginning of November when the onus will shift - as it does in other countries - to the fund managers.

**Tax advantages.** Onshore unit trusts have to pay income tax on basic-rate tax to UK residents, but offshore funds pay income gross. The funds are, for UK tax purposes, divided into distributor and accumulator funds. Distributors must pay out 85 per cent of income as dividends and must not have more than 5 per cent of their assets in any one company. UK investors pay income tax on the dividends, but any other profits are taxed as capital gains.

Accumulators, mainly cash and bond funds, do not pay out income but "roll it up" within the fund. The gains are taxed as income, not capital gains, but only when investors sell their holding. So, roll-up funds are often used to postpone a tax liability.

Since tax is postponed, investors can compound their investment gross rather than net, which improves performance.

**Marketing to the EU.** In 1989, the European Community issued its UCITS Directive (Undertaking for Collective Investments in Transferable Securities) to allow funds regulated in their home state to be marketed to other member states.

**B**ut because the structure of unit trusts in the UK is still very different from open-ended funds abroad - the rest of Europe, for example, has single pricing instead of the dual "bid-offer" charging structure in the UK - many companies set up offshore subsidiaries to take advantage of the cross-border marketing opportunity. Moves towards single pricing in the UK should result in its introduction next year.

**Regulation.** SIB can either "authorise" or "recognise" collective investment schemes - the generic term for open-ended investment funds.

The only type of collective investment fund authorised by SIB in the UK is the unit trust, but it will recognise some offshore funds based in EU member states insofar as their marketing to the UK public is concerned. Only SIB-recognised offshore funds can be retailed in Britain.

SIB can also recognise funds based in Guernsey, Jersey, the Isle of Man and Bermuda - known as "designated" territories. About 80 per cent of offshore SIB-recognised funds are well-known UK names and include Fidelity, Guinness Flight, GT, Rothschild and Gartmore. The funds can be bought either through a UK-based intermediary or through the UK-based offices of the operator.

The Investors Compensation Scheme, which offers protection of up to £48,000 to UK investors, applies only to authorised schemes. But it can be triggered if an investor, who bought an offshore fund through an authorised intermediary which went bust, can show he lost his money as a result of bad advice.

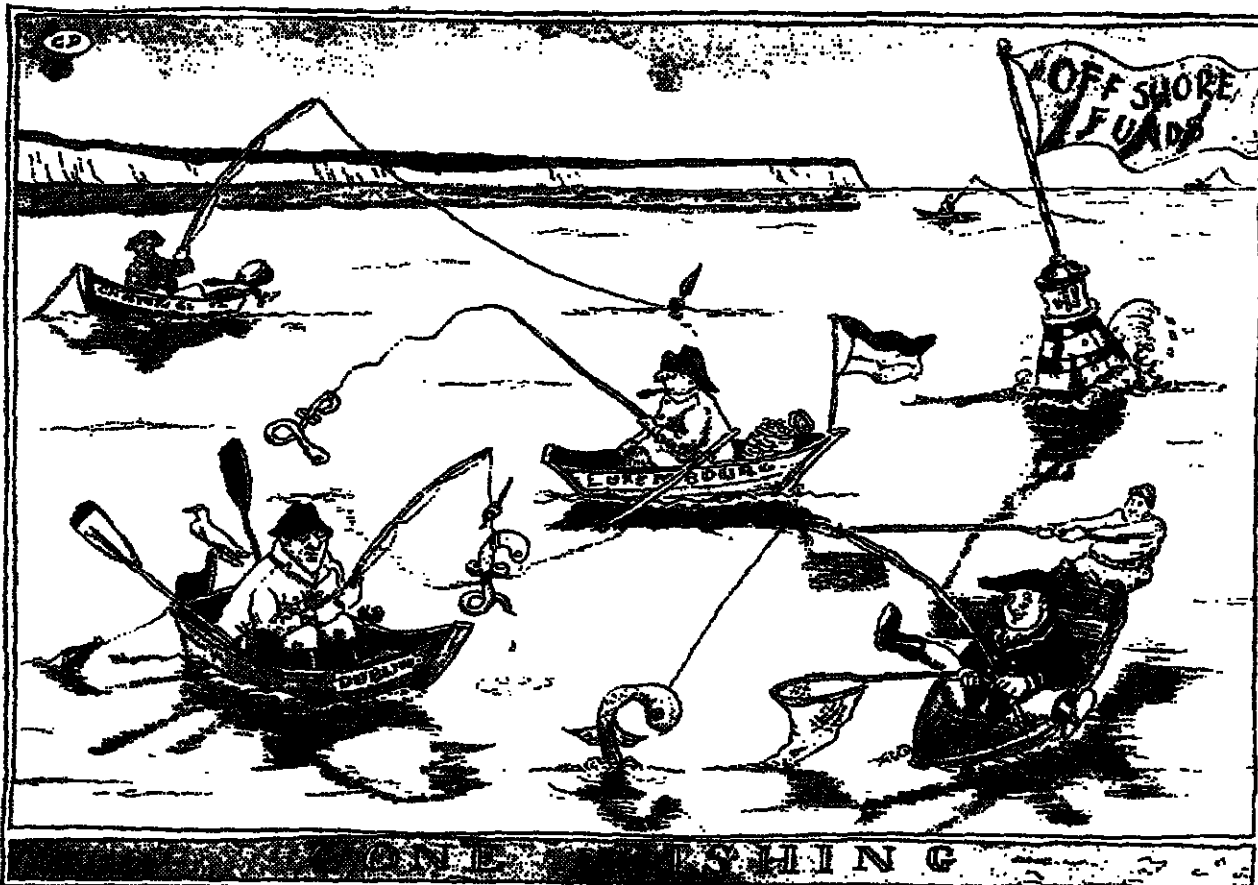
Some countries have a compensation fund covering the schemes which they authorise. To find out, contact the regula-

tory body in that country.

**Cost.** Charges on offshore funds can compare favourably with those onshore - particularly since, because of single pricing, there is no "spread" - the difference between the bid and offer price on onshore unit trusts. The initial charge on offshore funds run by Singer & Friedlander, the merchant banking group, is 4.5 per cent with annual charges of between 1 to 1.5 per cent, depending on the type of fund.

Some surveys, however, have criticised the charging structure of some offshore funds. London-based management consultant Timberlake & Co. found that, in some cases, total expenses - which include the cost of administration and marketing - can be twice as high (and sometimes even higher) than that indicated by the annual charge.

**Further information.** Performance tables for open-ended funds are listed in Money Management and Resident Abroad, both monthly FT publications. Money Management is available at many newsagents for £4.50. For more details about Resident Abroad, contact Greylocks Place, Peter Lane, London EC4A 3ND (tel: 071-405 6969).

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\*Nikkei 225 Stock Average Index 20,089.72 at 12/10/94. All time high 38,915.87 at 29/12/89. \*\*Microcap offer to bid with net income reinvested to 10/10/94. Tokyo Fund from 02/03/81, 1/11 and from 01/10/89, 10/69. Japanese Smaller Companies Fund from 01/02/84, 1/69, 1/85 and 1/33 respectively.



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# FINANCE AND THE FAMILY

## Diary of a Private Investor

# The need for fair dealing

The London Stock Exchange declared recently that it was "committed to investor protection and the need to ensure fair dealing on its markets for all". The statement came in a consultation document on "orderly markets: dealing ahead of the disclosure of price-sensitive information". Yet, while the sentiments are fine, thousands of private investors are being kept in suspense.

The exchange revealed that, in the previous 12 months, there had been 7,000 "price jump alerts" where unusual upward movements in share prices had prompted investigations, although only 130 cases had failed to result in a satisfactory conclusion.

Where there was not a satisfactory explanation, the exchange said its policy was to investigate further to see if price-sensitive documents had been "leaked", and to discover if there was any evidence of insider dealing or market manipulation. It would also investigate any unusual falls in a company's share price.

information exists but has not been announced officially, and where it appears that the unusual market activity is due to a leak. This seems like a good idea.

But the document suggests, also, that trading halts could result in a full suspension in cases where the situation has not been resolved satisfactorily within 24 hours. While a suspension certainly stops anyone else from profiting by buying the shares, it means also that existing investors in the suspended company are, effectively, "locked in": they cannot sell their shares.

Unfortunately, where a company is suspended because of "bad news" announcements, investors often find themselves stuck with shares that turn out to be worthless when the full state of its finances is revealed. Some people, with access to the company's condition, may well have dumped their shares before the suspension - but the ordinary private investor has been unable to do likewise.

He could have to wait months - or years - before he learns the final sad fate of his investment. Indeed, he might never be told directly because some companies which go into receivership have too few

assets to pay for a circular to shareholders giving them the bad news.

Even where there is no fraudulent activity or insider dealing, shares could be suspended to ensure that no one can benefit from any information of a price-sensitive nature that might emerge. My wife could not sell her 1,000 shares in Dominion International in 1989 when the company announced it was in financial difficulties and asked for its listing to be suspended. The shares proved worthless

attention to any unusual price movements in a company's shares. This is an excellent idea, as is the suggestion that the exchange should have the power to require member firms to reverse share deals where the exchange has reason to believe they were carried out with the benefits of unpublished price-sensitive information.

In the past, the exchange's investigations have sometimes run into the brick wall of an offshore nominee which refuses to disclose its true ownership. But new legislation to prevent money laundering came into effect on April 1. It requires financial services businesses (including stockbrokers) to have anti-money laundering procedures. These include verifying the identity of the people on whose behalf a transaction is to be carried out.

Failure to introduce these procedures can result in imprisonment for up to two years and a substantial fine. But I feel there has not been enough publicity about these new rules, especially as even failure to report suspicions of money-laundering to the National Criminal Intelligence Service can result in imprisonment for up to five years and a hefty fine.

Perhaps insider dealing and the need for suspension might be reduced if the NCIS embarked upon a major publicity campaign to alert people to the new legislation.

New laws should get wider publicity, says Kevin Goldstein-Jackson

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)					
Company	Sector	Shares	Value £000s	No of directors	
<b>SALES</b>					
Aerospace Eng	Eng	60,000	11	1	
Ashley (Laura)	RelG	100,000	72	1	
Bluebird Toys	L&H	1,200,000	2,484	1	
Drayton Far East	InvT	550,000	743	1	
Faupel Trading	Text	30,000	22	1	
Inspec Group	Chem	140,000	290	1	
Midiand Eec	PP&P	42,000	108	1	
Midlands Eec	Elec	7,400	52	1	
Sheffield Insul Grp	BM&M	200,000	490	1	
South Wales Eec	Elec	4,800	37	2	
Sterling Pub	Media	497,382	647	1	
Unilever Grp	FdMa	1,000	11	1	
Vardon	L&H	373,303	448	1	
BAA	Tran	33,500	155	1	
Paga (Michael) Grp	SS&P	69,890	77	1	
RTZ	Edin	39,752	345	1	
<b>PURCHASES</b>					
Anglo-East Plant	OS&B	100,000	94	1	
Ariel	ES&E	100,000	33	1	
Ashley (Laura)	RelG	50,000	35	1	
BWD Securities	OTHF	100,000	81	1	
Baltic	OTHF	862,898	1,010	1	
Beezer Homes	BC&N	20,000	25	1	
Bradford Prop	Prop	9,600	180	2	
British Gas	GasD	54,000	44	1	
Claremont Garments	Text	15,000	76	3	
Claythive PLC	OTHF	105,000	36	1	
Delaney	HG&D	455,000	21	1	
First Technology	Eng	6,500	12	1	
Hi-Tec Sports	L&H	25,000	24	3	
King & Sherson	OTHF	22,500	79	1	
London Forfailing	OTHF	50,000	19	1	
P & O	Tran	2,846	18	1	
Phlegnum	OS&B	810,000	52	1	
Secure Trust	OTHF	17,500	26	1	
Smith (David S)	PP&P	5,000	56	2	
TransTec	Eng	21,000	84	1	
Whitman	FdMa	175,000	188	1	

## Directors' transactions One for the books

One of the week's largest sales took place at Sterling Publishing, a book company, where Michael Preston, the non-executive deputy chairman, sold more than 497,000 shares at 130p. While this wiped out his equity in the company, the disposal was made for personal financial reasons.

Alphonsus Schouten, managing director of the European division of Laura Ashley, the fashion to fabrics company, sold 100,000 shares - all his ordinary stock - at 72p. The shares are trading at around 70p.

The sale of 1.2m shares at Bluebird Toys comes only a month after C.D. Burgin bought stock. In the most recent transaction, chairman Torquil Norman raised £2.48m by selling more than half his holding at 207p.

The shares were placed with institutions and Norman has undertaken not to sell any more stock for at least a year.

The directors of Sheffield Insulation have been cautious in their transactions over the past year. The most recent deal was by non-executive chairman Norman Addesbts but still leaves him with more than 3.87m shares. The sale came shortly after the group had announced strong interim results and looks like a small profit-take.

Vivien MacDonald  
The Inside Track

PRELIMINARY RESULTS								
Company	Sector	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)			
Beckman (A)	Text	Jun	403	(790)	2.0	(4.7)	3.58	(5.58)
Beeco Hidge	Prop	Jun	6,310	(4,820)	1	(1)	(1)	(1)
John Maunders	B&C	Jun	8,210	(8,840)	16.72	(10.3)	5.5	(5.18)
Lloyds Chemists	RelG	Jun	52,300	(49,700)	33.67	(28.3)	9.5	(7.28)
Luxor	Eng	Jul	128,700	(149,800)	-	(3.2)	7.0	(7.8)
Manganese Bronze	Eng	Jul	2,040	(1,500)	7.58	(6.9)	4.0	(2.8)
Si Lee	PP&P	Jul	22,200	(22,100)	13.48	(15.15)	8.4	(8.5)
Tay Homes	B&C	Jun	8,230	(3,090)	15.5	(8.1)	8.45	(5.85)
Thomson	RelG	Jun	12,100	(8,800)	12.19	(1)	4.9	(5.85)
Thompson Dual Tel	RelG	Jul	337	(718.5)	6.88	(6.52)	1.3	(7.1)
Wood Group	Eng	Jul	260	(30)	1.0	(6.4)	0.25	(1)
William Sindler	OTHF	Jun	4,170	(3,820)	13.0	(12.2)	7.15	(7.4)

INTERIM STATEMENTS							
Company	Sector	Half-year to	Pre-tax profit [2004]	Interim dividend per share (p)			
Abbayesford	Text	Jun	298 L	(345 L)	1.2	(1.2)	
Alexandra Workwear	Text	Aug	2,180	(2,014)	2.3	(2.1)	
BNS Resources	Sp&S	Jun	1,880	(344)	1.77	(1.6)	
Black (ABC)	Med	Jun	310	(244)	4.25	(4.25)	
Body Shop Intl	RelGn	Aug	12,300	(10,000)	0.5	(0.79)	
Bolton Group	Prop	Apr	337	(142)	-	(1)	
Bridgford Group	RelGn	Aug	68	(29)	0.1	(0.1)	
Brown (N) Group	RelGn	Aug	10,800	(9,020)	1.35	(1.125)	
Caplin (AP)	ES&E	Jun	497	(280)	-	(1)	
Capitol & Regional	Prop	Jun	1,240	(151)	0.6	(0.6)	
Chapman Resources	LaH	Jun	87	(141)	-	(1)	
Cleffon Cards	RelGn	Jun	2,190 L	(668 L)	1.6	(1.6)	
Coffen A	Eng	Jun	764	(88)	-	(1)	
David Brown Grp	Eng	Jul	8,040	(4,070)	2.25	(2.7)	
Dalyn Group	PP&P	Jul	1,240	(142 L)	0.5	(0.7)	
Ely (Wimbledon)	RelGn	Jul	107	(74)	2.0	(1.9)	
FR Group	Eng	Jun	12,200	(10,503)	2.7	(2.48)	
Free Decor	RelGn	Jul	7,407	(1,333)	2.7	(1.8)	
Fitch	Med	Jun	191	(88)	1.1	(1.1)	
Goldsmiths Group	RelGn	Jul	817 L	(1,340 L)	0.8	(1)	
Hannays	RelGn	Jul	578	(118)	2.0	(1)	
Henderson Highland	IntT	Aug	929	(1,050)	2.8	(2.8)	
Int'l Tel Jersey	IntT	Jul	360	(804)	7.85	(8.4)	
Ipeco Hidge	Eng	Jun	1,210	(1,570)	1.3	(1.3)	
Jones Group	BoMa	Jun	1,720	(1,180)	4.0	(4.8)	
Martin Intl	Text	Jun	267	(270 L)	1.04	(0.9)	
Parsons	RelGn	Jul	36,000 L	(10,800 L)	1	(1)	
REA Hidge	Dist	Jun	292	(258)	-	(1)	
Ryan Hotels	LaH	Jul	804	(528)	0.5	(0.9)	
Scottish TV	Med	Jun	1,700	(3,100)	2.841	(2.195)	
Shingley HC	Eng	Jun	204	(202)	3.0	(3.5)	
Time Products	Dist	Jul	727.8	(4,590)	5.338	3.35	(3.18)
Tutor	BoMa	Jun	39	(240 L)	1	(1)	
Uit Energy	OTHF	Jun	193	(40)	-	(1)	
Widpac	Dist	Jul	1,250 L	(138 L)	1	(1)	

Figures in parentheses are for the corresponding period.  
\*Dividends are shown net of tax per share, except where otherwise indicated. L = loss. † Net asset value per share. ‡ Cash points and prices. § 3 month figures. ¶ US dollars and cents. † Net asset value. † 10 month figures. \* 20 week figures. † Part paid from capital reserves.

**RIGHTS ISSUES**  
Heart of Midlothian is to raise approx £1.5m via an issue of shares in blocks of 200 @ 250p. Martin International is to raise £5.9m via a rights issue and subscription.

**OFFERS FOR SALE, PLACINGS & INTRODUCTIONS**  
TUG is coming to the market via a placing and public offer to raise approx £77m.

**TAKE-OVER BIDS AND MERGERS**

Company bid for	Value of bid per share	Market price	Price bid	Value of bid per share	Offer
Alkan Hume	55p	51	51	23.60	Allied Group
Andrews Bykes	85p	68	67	10.70	Euro Fire Prot
Atwoods	109	115	109	364.00	Browning-Parris
Dale Electric	70p	72	70	15.00	TT Group
Elwick	18p	18p	12	37.70	Ferguson Int'l
Liliput	160p	160	92	37.20	Stanhome
Low (Wing) 2	36p	35	35	247.00	Tesco
Plantbrook	175p	172	165	183.00	SCI
Scholes 1	250p	253	192	96.10	Henson
Towles 1	278p	268	243	4.22	London City
Tru World 1	181	178	173	70.50	EMAP
VSEL	1291	1325	1228	490.27	Brit Aerospace

\*Dividends are shown net of tax per share and are adjusted for any intervening scrip issues. Reports and accounts are not normally available until about 8 weeks after the board meeting to approve preliminary results. † 1st quarterly. ‡ 2nd quarterly. § 3rd quarterly.

## New issues

Independent British Healthcare, which has 17 hospitals spread between Stirling in Scotland and Tunbridge Wells in Kent, has deferred its plans to float this month, writes Christopher Price. Chief executive Keith Chadwick said the group, which was hoping for a market capitalisation of £45m, was "not prepared to sell cheaply - it's that simple".

Two other casualties of adverse market sentiment are Martin Retail Group, a £100m float, and shellfish producer Seaperfect, a £20m placing.

BrightReasons, owner of the Pizzaland chain and due to float later this month, was denying reports of its postponement, although it said it reserved the

right to do so. A board meeting soon will decide the issue.

Gardner Merchant, the catering group which had been expected to float at some stage soon, disappointed some observers at its results meeting this week when the company, a £402m mbo from Forte in 1992, distanced itself from early action.

Undaunted, Eurovein, a Sheffield-based engineering group, announced plans to raise £14m when it comes to the market. T.L.C., the holding company of Thorn Lighting Group, unveiled operating profits of £5.06m (£2.63m) for the five months to the end of August with its pathfinder prospectus. It is due to float next month.

## The week ahead

**MONDAY:** Highland Distilleries, maker of Famous Grouse, the second-largest whisky brand in the UK, is expected to report pre-tax profits of about £42m for the year to August 31, up from £38.2m a year earlier.

**MONDAY:** Eurotunnel's results for the first half of 1994 will contain the first real numbers, as opposed to forecasts, in the company's seven-year existence. Even so, delays in the start of services mean there will still be only about five weeks of freight operations by which to judge performance.

**TUESDAY:** Third-quarter figures from drug company SmithKline Beecham will be scanned for clues to the company's progress in integrating DPS, the drug distributor it bought for \$2.3bn in May. The nine-month pre-tax profit figure should nevertheless be well above £900m, compared with £841m in the first nine months of 1993.

**WEDNESDAY:** Smiths Industries is expected to post a full-year pre-tax profit advance of about 9 per cent to about £14.5m and the dividend is expected to be lifted in line with a forecast 8 per cent growth in earnings. Recent acquisitions have strengthened the company's industrial group, in particular, although

the US health-care business has also been bolstered by June's \$150m purchase of Deltec, a US medical equipment manufacturer.

**THURSDAY:** Amstrad, the consumer electronics group run by Alan Sugar, has been affected considerably by the problems of the personal computer industry and indifferent consumer electronics sales in the high street. Full-year pre-tax losses of up to £5m are expected.

**FRIDAY:** Albert Fisher, the food processing and distribution group, which on Thursday sold its Strarford baked bean canning operation for £37.1m, is expected to report annual profits of around £40m, excluding exceptional.

RESULTS DUE					
Company	Sector	Amount due	Dividend (p)		
			Last year	This year	
			Int.	Final	Int.
FINAL DIVIDENDS					
Air London Int'l	Tran	Friday	1.6	1.9	1.8
Albert Fisher Group	FdMa	Thursday	1.85	1.9	1.85
Amstrad	ES&E	Thursday	0.2	0.3	0.2
Cradley Group Hidge	PP&P	Wednesday	-	1.16	-
DPS	RelG	Wednesday	-	-	-
SCI Tel	IntT	Thursday	-	0.5	-
Sumner Dual Int Tel	IntT	Monday	-	-	-
Gardmore Br Int & Growth	IntT	Monday	-	1.86	-
Gleeson Group	B&C	Thursday	3.35	9.4	3.35
Howell Shaw Int Tel	IntT	Thursday	2.85	4.1	2.85
Highland Distilleries	SH&B	Monday	1.6	5.0	1.75
Hong Kong Int Tel	IntT	Tuesday	0.75	1.0	0.75
Kilgerrand 2nd Engmnt	IntT	Thursday	-	-	-
London & Strathclyde	IntT	Monday	1.5	4.25	1.5
MT Holdings	PP&P	Monday	-	-	-
Newcastle Zirconia	H&C	Thursday	2.35	10.25	2.45
Smiths Industries	Eng	Wednesday	4.3	7.55	4.8
Superscope VR	Sp&S	Thursday	-	-	-
Town Centre Securities	Prop	Thursday	-	3.9	1.2
Twentieth Century Fox	IntT	Thursday	-	-	-
INTERIM DIVIDENDS					
AAF Industries	EngV	Friday	-	-	-
Acorn Computers	ES&E	Monday	-	-	-
Airflow Streamlines	EngV	Thursday	1.0	2.0	-
Alida Hidge	IntT	Friday	-	-	-
Amnia	IntT	Wednesday	-	-	-
Angren	IntT	Thursday	-	-	-
Automated Security	Sp&S	Tuesday	-	-	-
BMSB	BoMa	Monday	1.5	1.5	-
Bedford (William)	IntT	Tuesday	-	-	-
Berry Birch & Noble	OTHF	Monday	2.1	3.2	-
Boat (Henry) & Sons	B&C	Tuesday	1.7	4.8	-
British South Group	LaH	Monday	-	-	-
Castle Mill Int'l	Text	Monday	-	-	-
Chesterfield Props	Prop	Thursday	4.0	8.0	-
City of Oxford Int'l	IntT	Thursday	1.35	-	-
Dunport Knitwear	Text	Thursday	-	9.25	-
Durwest Valley Hidge	Prop	Wednesday	3.05	6.05	-
English National IT	IntT	Wednesday	5.0	11.2	-
Farnell Electronics	Dist	Monday	3.2	4.2	-
Ferguson Int'l Hidge	PP&P	Thursday	4.25	8.25	-
Ferrum Holdings	Eng	Thursday	-	-	-
Formet Technology Inds	ES&E	Monday	2.825	0.25	-
Geared Inc Int Tel	IntT	Monday	-	-	-
Glenchewton	Dist	Wednesday	-	-	-
Harrington Kilbride	Med	Wednesday	1.7	3.2	-
Haweside Europe	B&C	Wednesday	-	2.0	-
Heavy Goods Smaller Index	IntT	Thursday	1.0	2.0	-
Hunting	Eng	Friday	4.0	6.0	-
Kell Energy	IntT	Monday	-	-	-
Kilgerrand Endowment Pol	IntT	Thursday	-	-	-
Lonheart	H&C	Thursday	0.1	0.2	-
London American Growth	IntT	Wednesday	-	-	-
New Thompson Tel	IntT	Thursday	-	-	-
Richards Group	ES&E	Monday	1.0	1.25	-
River Group	ES&E	Monday	-	-	-
River & Shere Geared Cyp	IntT	Thursday	-	-	-
Scottish American Int'l	IntT	Wednesday	-	1.19	-
Seaford	Tran	Monday	-	-	-
Smithsian Beacham	Phm	Thursday	-	3.0	-
Templeton Latin America	IntT	Tuesday	-	-	-
Wendell Int'l	Prop	Thursday	2.75	5.0	-
Waste Management Int'l	OC&U	Monday	-	-	-
Yorlde	Text	Thursday	2.2	3.8	-



## FINANCE AND THE FAMILY

# From Russia with confidence

Forget those rouble problems. John Thornhill finds that some investors believe in a glowing future

**L**ike murders, investments need a means, motive and opportunity. While the anti-market Communist party ruled the Soviet Union for 74 years, none of these factors applied to Russia. But with the collapse of the Soviet Union in 1991 and the hitherto growth of capitalism, many investors believe they can make a killing in the land of Lenin.

Mark Mobius, president of the Templeton emerging markets fund - one of the most successful in the sector - certainly shattered some pre-conceptions by forecasting that Russia's fledgling capital markets could become as big as those in the US within 20 years. He told the FT he believed his \$8bn fund would have a 20 per cent weighting in Russia within 10 years, and added: "It is an explosive investment market."

There was no shortage of rivals ready to attack such seemingly outlandish views. It is easy enough to find the ammunition. Russia's economy is still in the middle of a colossal upheaval, with industrial production falling 26 per cent in the past year. The rouble has lost 21.5 per cent of its value on "Black Tuesday" but rising by 25 per cent on "White Thursday". And although the political situation has grown more stable over the past few months, it remains precarious. Yet, some investors now believe that the potential rewards of buying Russian assets more than outweigh these macro-risks.

Russia is a country of vast natural resources, with 150m well-educated people and a high technological base. Following its mass privatisation programme, 120,000 capital-hungry companies have been transferred into private ownership. Some could emerge as extraordinarily profitable businesses and highly attractive investments. "The seeds of growth have been sown by the privatisation programme and the capitalist genie has been let out of the bottle," says one western fund manager.

The big problem with many of these potential investments,

however, is that no one yet knows their true financial condition. Russian accounting is rudimentary and financial information about companies and their markets scanty or non-existent. Thus, trying to value companies on any traditional methods, such as earnings or cash-flow multiples or dividend yields, is all but impossible.

Instead, investors pay more attention to the valuations ascribed to the privatised companies' assets and, on that basis, many of them look extraordinarily cheap by global standards. To take just two examples, Baring Securities calculated that, in August:

■ The value of Gazprom, which owns more than 30 per cent of the world's known gas reserves, was about 0.3 cents a barrel of oil equivalent while that of British Gas was about \$10.30.

■ The value of Rostelekom, which has 80 per cent of all telephone lines in Russia, was about \$49.35 per access line while that of NTT of Japan was about \$2.42.

The market value of the 30

largest Russian companies which form the Moscow Times index have a total value of \$22bn - less than that of some big companies in the FT-SE 100.

Such seemingly seductive calculations have led to a rapid influx of foreign capital into Russia in the past few months, mainly from private investors and hedge funds. CS First Boston, which is the most active western stockbroker in Russia,

says it is buying on behalf of 95 western funds and forecasts that the total inflow of foreign capital this year could reach \$3bn. That sum, however, is still likely to prove less than Russia's capital flight.

As in all emerging markets, Russia is a case of hot money chasing a fast story, and the investor has to discount much wild talk. In illiquid markets, sentiment is often critical and there is no shortage of speculators trying to talk up the price of shares.

The speculative bubble might well have been pricked already, with leading shares showing some sharp falls in the past few days. But the longer-term hope would be that once Russia sorts out its securities legislation, more serious long-term capital will flood into the country, creating a more stable and sustainable investment boom.



The crash of the rouble this week brought further gloom to Moscow shoppers such as these. But investors see better times ahead

means having to visit some remote Siberian towns. There is no guarantee that the names will not be erased after being entered, and there are bound to be huge problems and scandals as the market develops. No fund manager who takes his fiduciary responsibilities seriously should yet be prepared to invest.

Change is happening fast, though. A group of leading Russian companies, wishing to attract foreign capital, has produced its own investors' charter to introduce higher financial standards and greater corporate governance. The government promises a new securities law. A national settlement system is being developed and foreign banks are setting up custodial services. If these issues are resolved rapidly, there is perhaps a real possibility that Mobius's prediction might not prove so fantastic.

The emerging markets team at Morgan Grenfell last month published a report forecasting a possible 500 per cent rise in the stock market in dollar terms by 1996. "Russia has the potential to be the outstanding stock market for the rest of the '90s, just as Japan was in the second half of the 1980s," it concluded.

Maarten Pronk, Moscow representative of ING - a Dutch bank which spans both commercial and investment banking activities - says: "In truth, nobody knows how big this market can get. It might grow as big as the US, Japan or Germany. Who knows? But Russia needs the capital - and it has a huge capacity to grow."

## For those with a special affinity to plastic

Bethan Hutton reports on the growth of credit cards from organisations seeking a more personal touch

**W**hat do the plastic contents of your wallet say about you? Are you a Porsche driver? A Burberry wearer? A Manchester United fan? A Sunday Times reader? Perhaps a National Trust member or a supporter of the Canine Defence League?

For the past few years, letter boxes throughout Britain have been stuffed with mail shots offering colourful credit cards that proclaim your attachment to an organisation or a brand name. Hundreds of these "affinity" cards are available in the UK.

They cover every conceivable kind of organisation: charities, professional bodies, trade unions, universities,

newspapers, motor manufacturers, and amorphous interest groups such as anglers, gardeners and golfers.

Affinity cards work just like normal Visa or Mastercard and are issued by banks, but their designs are specific to the organisation concerned and made attractive so that holders are encouraged to use them. Many carry no annual fee, or waive it if the card is used more than 10 times a year or for spending more than £1,500 or £2,000 annually.

Some, particularly from the smaller issuers, have lower

interest rates than standard bank credit cards. MBNA's annual percentage rate is 17.9, or 13.9 per cent on cash advances. Beneficial Bank's rates vary from 17.5 per cent (Law Society and Institute of Directors) to 21.9 per cent (Manchester United and British Sub Aqua Club).

Charities have been particularly active in promoting affinity cards because they provide an extra source of revenue, even though the sums involved are not large. Typically, a charity (or other organisation) will receive

about £5 when a supporter signs up, then 0.25 per cent of what is spent.

So, if someone spends £500 a month, the charity will get £1.25, or £15 over the year. This is not a great deal - but the charity does also get a mailing list of very sympathetic names.

The range of affinity cards in the UK has not yet reached the scale of the US, where a quarter of credit cards involve some affinity or partnership arrangement. Some American towns even have their own cards to bring in non-tax income, and middle-aged

rockers can pay for their CDs with a Rolling Stones credit card - complete with lips logo.

The UK is catching up rapidly, though. Those who are proud to wear their political colours on their sleeves - or in their pockets - are well catered for.

The Royal Bank of Scotland runs the Conservative party credit card, while the Co-operative Bank juggles with both the Liberal Democrats and the Labour party. Plaid Cymru and the Scottish National party have yet to join the plastic society.

Design is important. The University of Cambridge card (Beneficial Bank) carries a picture of the Senate House, the only building used by all university members - a picture of one of the colleges would have alienated graduates of all the rest.

Likewise, the Jaguar card has a striking picture of the big cat rather than a specific model, and the MCG Owners' Club card is illustrated with a vintage car.

The success of an affinity card depends not only on how many potential card-holders a

group has but also on how keen they are to be associated publicly with the group. This could vary: as the proud owner of a Tottenham Hotspur Visa card, (Beneficial Bank), you might think twice about using it near a rival ground.

Some cards are aspirational: you do not necessarily have to own a Burberry coat or Porsche car to be able to flash its logo around on a credit card. And a few offer extra perks.

The Bank of Scotland entices applicants for its gardeners' card with a free seed

catalogue. Holders of Burberry Visa cards (MBNA) earn points towards a discount on their next purchase, while applicants for Toyota or Lexus cards (MBNA) get the chance to win a new Toyota Corolla car.

The 35 trade union cards offered by the Bank of Scotland charge a lower interest rate than the bank's other affinity cards but, in return, the unions forego the usual £5 donation for each new card-holder.

The Ford Barclaycard and GM Card (HFC Bank) are slightly different - they are "co-branded" commercial cards, rather than affinity cards. Their aim is to promote brand loyalty by letting users earn substantial rebates on new Ford or Vauxhall vehicles.



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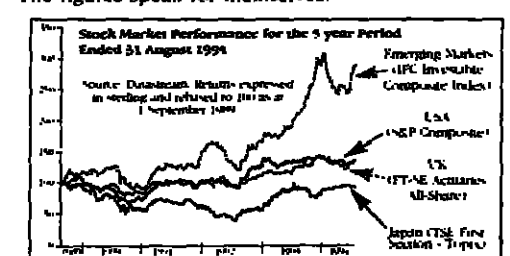
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## PROPERTY

## Country life – in town

Winter can sour that romantic rural idyll. Gerald Cadogan has an alternative

When winter comes, romantics living in the English countryside often find that life in a picturesque village or down a long lane has severe drawbacks. You can be blocked in by snow for days at a time. And you must drive substantial distances to reach the services you need, from doing the shopping to visiting a library or the doctor. Drivers can clock up 30,000 miles a year like this – often in treacherous conditions.

Thus, those experienced in country towns tend to reject homes in remote areas in favour of old market towns where all the advantages of country life exist and a substantial house is often cheaper than a village rectory or farmhouse of the same size. Most towns and comfortable, these properties are just too sensible to be ignored – as older people, in particular, appreciate. But the Barbour and wellie brigade, looking for the "real" country, has virtually ignored them. The prices tend to reflect it.

Many of them date from the 18th century when England settled down after the civil and religious strife of the 17th century. As prosperity spread, the middle classes built homes to show their improved position. Sometimes, this involved adding a box-like, large-windowed Georgian facade to a Tudor or medieval gabled house. Such places have a comfortable, reassuring feel.

Here, then, is a selection of good country-town houses. Generally, they are Georgian, with walled gardens of manageable size.

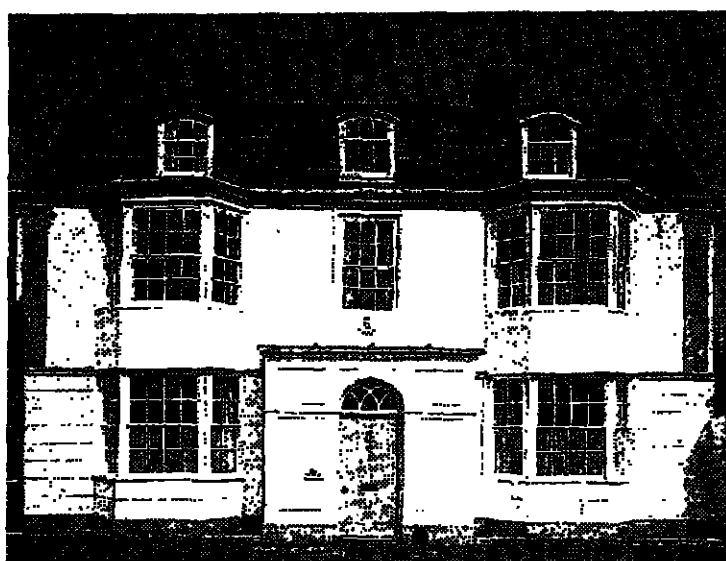
**WALES:** Canre Selyr is a substantial Georgian house in the centre of Brecon with a walled garden big enough to keep all the family busy when not walking in the Beacons. Its asking figure looks particularly attractive compared with similar houses in England. Price: £200,000. Agent: Knight Frank & Rutley.

**SUFFOLK:** Bury St Edmunds is a cathedral town with wide streets (and the Georgian Theatre Royal) in the East Anglian region. No 17 Westgate Street is large, Georgian and built of red brick, with a separate access from Friars Lane. Price: £395,000. Agent: Bedford.

**COTSWOLDS:** You do not expect houses to be cheap in Chipping Campden, especially if they are two knocked into one with a total of eight bedrooms and Corinthian pilasters on the front. Bedford &



For £485,000: the Red House in Sherborne, Dorset, listed grade II\*



For £375,000: The Gables, a former coffee house at Lewes, East Sussex

Woodward House reflects the wealth of the wool merchants who built it 250 years ago. Price: around £350,000. Agents: KFR, James Martindale or Savills.

**EAST SUSSEX:** Lewes is among my favourite towns, with its smart houses on the high ground along the High Street, dominated by the castle. Down below, Southover used to be a separate village before being absorbed into the main town.

Southover Cottage, in Southover High Street is a good example of the

traditional Sussex style of building, which involves a cladding of hanging tiles on the upper floor. Yet, it was put up as recently as 1920. Price: £225,000. Agent: Humbers.

In the same street, The Gables was the main Tory coffee house in 1800, a time when Lewes returned two MPs to Westminster. Price: £375,000. Agents: Rowland Gorrings or Humbers.

**HAMPSHIRE:** Lyminster is famous as a centre for sailing. No 5 Quay Hill is a bow-fronted

town house facing on to a cobbled pedestrian street. Price: £190,000. Agent: John D. Wood.

The same agent is also selling 24 Church Lane, an end-of-terrace, grade II cottage. This still has an outside lavatory – besides, of course, the one in the house. Price: £90,000.

In the large village of Wickham, near Southampton, two stately 18th century houses on The Square, both in blue brick with red-brick trim, are for sale. Wickham House (£410,000) is offered by Lane Fox while Havelock House (£275,000) is on the books of John D. Wood.

**LEICESTERSHIRE:** Oakham is the county town of what used to be Rutland and has a public school, a market twice a week and a splendid, 12th century castle. Yule House is a classic example of a town house that began as a cottage. Then, an imposing Queen Anne front was added and, eventually, a Victorian bay.

Probably the best house in town, it was for a long time the lodgings for the visiting judge who conducted the local assizes. Today, it is listed grade II\*. Price: £375,000 (down from £395,000).

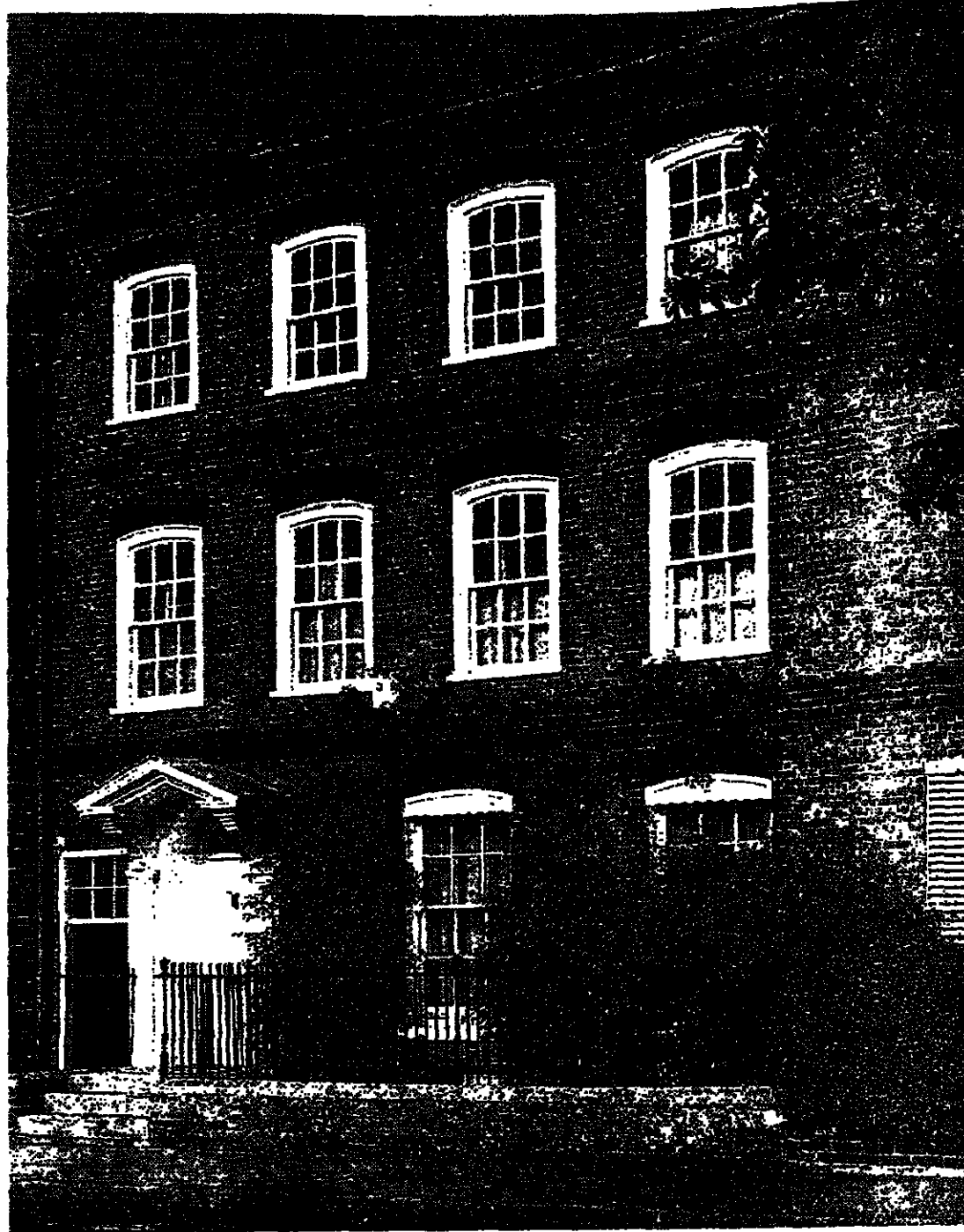
**DEVON:** White Hart House in Okehampton is a medieval property with much of its original architecture surviving. Indeed, it was once a pub, as the name suggests. Now, it has plenty of bedrooms, an adjoining listed barn and views of Dartmoor from the overgrown garden. Price: £135,000. Agent: Muller.

**HERTFORDSHIRE:** At Sawbridge-worth, a bijou white house by the old bowling green and the church is for sale. Trevathen is basically late-17th century, but it was improved with a Georgian Gothic front early in the 1800s. Price: £325,000. Agent: Muller.

**DORSET:** Sherborne is a delightful town noted for its abbey, castle and schools. The Red House in Long Street, listed grade II\*, is a red-brick gem with a stone trim and dates to around 1700. It is among the best houses in town. Price: £485,000. Agents: Humbers or Michael de laet.

The same agents offer St George's which, not surprisingly, is Georgian and on the edge of the town with a small paddock behind the garden. Price: £265,000.

**LINCOLNSHIRE:** Spalding, Britain's home of bulbs, straddles the river Welland. No 8 Welland



For £275,000: Havelock House, a stately 18th century property in the village of Wickham, near Southampton

Place, yet another Georgian house, is on the south side. The asking figure looks especially attractive. Price: £295,000. Agent: Carter Jonas.

**NORTH YORKSHIRE:** In York, a late-18th century brick house is on the market. It has a bowed back wing added about 1830, and a studio in the walled garden. No 8 Clifton is just five minutes' walk from the centre of town and the minster. Price: offers over £295,000. Agent: Jackson-Stops.

Nearby is 22 Clifton Green, a superior cottage dating to 1839 at the start of the Victorian Gothic style. Price: £210,000. Agent: Carter Jonas.

Jackson-Stops also offers 127 The Mount, a Regency villa that is slightly further out but close to the racecourse. Price: £325,000.

Contact numbers – Brecon: Knight Frank & Rutley (0432-273 087); Bury St Edmunds: Bedford (0384-769 999); Chipping Campden: KFR (0789-297 735); James Martindale (0953-311 777)

and Savills (0953-363 535); Leices: Rowland Gorrings (0273-171 011) and Humbers (0273-475 828); Lyminster: John D. Wood (0590-677 233).

Okehampton: Muller (0837-540 30); Sawbridge-worth: Muller (0273-755 400); Sherborne: Humbers (0935-812 323) and Michael de laet (0935-812 336); Spalding: Carter Jonas (0783-681 00); Wickham: Lane Fox (0962-369 999) and John D. Wood (0962-863 131); York: Carter Jonas (0904-627 436) and Jackson-Stops (0904-625 033).

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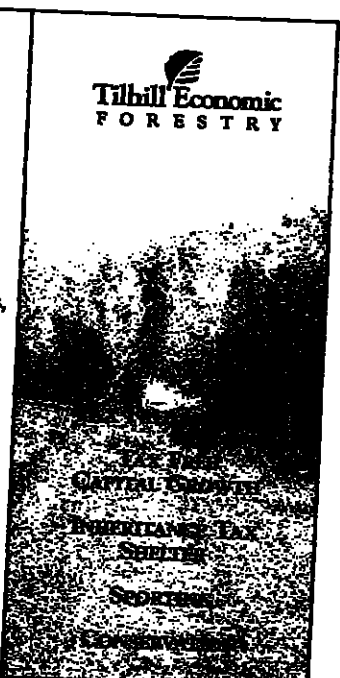
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## TRAVEL

# A history of enterprise in the Yorkshire Dales

The sign says: "Crackpot 2 miles", and as I drive the twisting lanes I muse on interesting addresses. There is a village called Paradise in Gloucestershire, one named Puddub in Fife and, closer to home, a farm called Phantassie.

Crackpot is in the Yorkshire Dales. Nineteenth-century travellers described "awful caverns and frightful ravines" but where the rivers of Swale and Ure have dissected England's Pennine backbone to give us Swaledale and Wensleydale, the landscape has been tamed over the centuries. And since nothing puts a place on the map quite like a TV series, the area has been dubbed "Herriot Country" after the television programme *All Creatures Great and Small* and the well-known vet books.

Long before intensive farming necessitated veterinary surgeons, Norse invaders took a liking to this land of rolling hills of layered limestone and sandstone. They left behind curious place names: Muker, Reeth and Crackpot (said to be a corruption of the Norse for "pothole of the crows"). Later, in the Middle Ages, French monks came and constructed the great abbeys of Fountains, Rievaulx and Jervaulx. They cleared forests and built walls, establishing the topography we see today. These same monks brought the recipe for the cheese which made Wensleydale famous.

Hawes, a typical mill and chapel village at the head of the dale, is home to Wensleydale Dairy Products. Last June it opened a History of Cheese Museum, winning the coveted White Rose award for best newcomer to tourism.

Another local enterprise, the rope works of W.R. Outthwaite, welcomes visitors with demonstrations of traditional rope making.

From Hawes, a lonely road leads to Muker, another solid, pretty dale village with a fine Victorian Literary Institute.

Before the ascent over the Buttermere Pass - there are pot-holes by the roadside where market-bound farmers stored their butter - we make a short detour to Hardraw Force.

"Stones of all colours and sizes encased in the clearest ice," wrote Wordsworth to Coleridge. "I cannot express to you the enchanted effect formed by this Arabian scene of colour."

Entrance to this spectacular waterfall is through the back door of the Green Dragon pub, following the track past an open-air bandstand which is the venue for the Hardraw Brass Band Competition, a big Yorkshire event held every September.

From Muker, the Swale flows through Gunnerside to Reeth.

## Adrian Gardiner on the stream of visitors that has left its mark

where Langhorn House was Skeldale House in the original film *All Creatures Great and Small*.

Two roads follow the Ure east from Hawes and, in the film, the King's Arms at Askrigg became the Drovers' Arms frequented by Siegfried, James and Tristram.

Great Shunner Fell; Lovely Seat; Pen-Y-Ghent... few hills are higher than 2,000ft, yet there are tremendous panoramas and wide vistas of moorland dotted with squat stone barns and blackfaced Swaledale sheep.

Walkers take the Pennine Way or follow the corpse roads, tracks designed for funeral processions to cross the dales avoiding towns and villages. In a superstition which survived from Norse times well into the last century, it was believed that the deceased might be tempted by the sight of habitation to return to the land of the living.

Walking these roads you see ruined huts and spoil heaps, relics of the lead-mining industry. History records that soldiers defeated by the Romans at the battle of Stanwick in AD74 were taken as slaves to the lead mines in the dales. The observant will pick out hushes: man-made gullies created when dams were broken up, letting water scour out the lead seams.

In places, stone quarrying has had a devastating effect on the landscape. As a cottage industry consistent with local needs it was never a problem. (Parts of Manchester are built of Hawes stone.) But today quarrying on a massive scale has made ugly gashes in the land - and all this in a national park.

We leave Wensleydale through the serviceable town of Leyburn, where houses retain bricked-up windows, rel-

ics of the window tax. Nearby is Masham, the place to wash down all that crumbly Wensleydale cheese. The village has two breweries: Paul Theakston's Black Sheep brewery and his previous venture Theakston's, now owned by Scottish & Newcastle, and offering a visitor centre and guided tours.

West of Masham is one of Yorkshire's best-kept secrets, hidden in a forest near Healey: the Druid's Temple, an enclosure of towers, archways and huge granite slabs, is the result of a job-creation project conceived by local squire William Danby in the 1820s. It is atmospheric. It is eerie. It is only a few miles from the massive trucks thundering along the main A1.

Herriot Country is good short-break territory. But Yorkshire's cities have much to offer too. Largest is Leeds where, in the covered city market, Mr Marks set up his penny bazaar which grew into one of Britain's largest chain stores. Connoisseurs of industrial heritage can take a trip along the

Leeds and Liverpool canal, pausing in Bradford, tourism's success story of the past decade.

Bradford's prime attraction is the six-storey National Museum of Photography, Film and Television, which includes the advanced technology of the Imax cinema with the largest screen in Britain. Many of the exhibits are interactive: the children's favourite was a device which allows you to remodel yourself digitally on a TV screen.

Also in Bradford - which has some remarkable inner-city architecture - is the model mill village of Saltaire, built by a Victorian philanthropist.

Another wool town, Halifax, merits a visit. Bureks is a new, award-winning, hands-on museum for younger children, while the Piece Hall, where merchants once haggled over "pieces" (sample lengths of cloth) is now an exhibition centre. North of Halifax, the 50-mile Calderdale Way takes in griststone villages with pack-horse bridges and *Wuthering Heights* country around Haworth, once home to the Brontës.

York's attractions are well-documented. Visitors make for the Minster, the National Railway Museum and the recreated Viking metropolis of the York Centre. We wander through the web of narrow cobbled lanes lined with half-timbered houses of bottle-glass windows and overhanging gables. We are back in curious name territory, with streets called Whip-ma Whop-ma and The Shambles.

■ **Tourist Information:** Yorks and Humberside, 312 Tadcaster Rd, York YO2 2HF (0904-707961); Richmond (0746-850252); Hebden Bridge (0422-848831); Bradford (0274-733678).

■ **Museums:** National Museum of Photography, Film and TV, admission free, charge for cinema performances. Open Tuesday-Sunday (0274-727488). Eureka, Discovery Rd, Halifax (0426-983191).



Muker, in the Yorkshire Dales: Norse invaders took a liking to this land of rolling hills of layered limestone and sandstone

## OUTDOORS

## Michaelmas daisies make the border

Robin Lane Fox on a variety that is now a curiosity

Gardeners are having a heavenly autumn, but Michaelmas daisies are not in everyone's heaven. By now, we all know that the famous varieties catch midew: the little ones look like pillows for a garden gnome; the reds are not a true red and the blues are not always true blues. Sometimes they flower well, but then they start to go back.

At the turn of the century, Michaelmas daisy borders were planted with fondness in Edwardian walled gardens. Nowadays they are curiosities, and I seldom see a garden where this family is used well. In one garden, though, they have been bred and admired continuously. At Colwall, west of Malvern, first-class asters go back through three generations on the same plot of land.

Their story began with a skilled amateur named Ernest

Ballard who became a nurseryman when passers-by wanted pieces of his best varieties.

Many of his winners are still ours, named after ladies in the Ballard family. He died in 1906 but, by a happy sequence, a family named Picton bought the nursery and continued to improve it with excellent trees and shrubs. Percy Picton had worked as a gardener with the great William Robinson, author of *The English Flower Garden*, and lived until the 1980s. He was also a great plantsman and, unusually, he encouraged his son to be the same.

Paul Picton now runs Old Court Nurseries and looks after the national collection of asters. It is open until October 31 from Wednesday mornings to Sunday evenings; and although Michaelmas Day is the inevitable high point, other varieties prolong the season beyond September 29 and still

reward an intelligent visit.

As we walked round the remarkable colours in his borders, Picton revealed exactly how to cope with midew. We should spray asters in May using Tumblelight, and repeat the spraying once by month until September. I saw no midew in the huge national collection, although it grows dozens of the modern varieties which go powder-grey for those of us who ignore the little Tumblelighters. I have no "organic" scruples whatsoever: plants produce chemicals, too, so why not use more chemicals to make them happy if these do not damage the soil?

The aster family has always been a complicated tangle, but the biggest and brightest are straightforward. They are all Novi-Belgi forms which are prone to midew and much happier on heavy soil. Picton recommends them on clay and advises us to dress them with hoof and horn, a general fertiliser, each spring.

Among the white varieties, Mount Everest is tall, but the best. The pinks and reds appeal to me less but the shades of blue are irresistible. Viewing Picton's collection, we singled out a short-list of Ada Ballard, Blue Eyes, Helen Ballard and the late Blue Gown, which is reaching its peak only now. This list would give you flowers from mid-August until late October.

All these varieties, and many others, can be ordered direct from Old Court Nurseries for delivery in May. Since they are best planted as small, young plants late in spring, this delivery time suits them.

If you have established asters of this type which no longer flower well, they need to be divided. Throw away the centres of the old plants during next spring and replant the young shoots from the outer margins. This simple attention is essential for good results.

Those of us who funk the midew usually turn instead to the Novi-Angliae group because its members are immune. Six years ago we turned to them in Oxford but, with one exception, their col-



Michaelmas daisies at Old Court Nurseries: bred and admired continuously

Chris Nichols

ours and shapes are definitely second-best.

The exception is the amazing Alma Potoshka, which is a brilliant cherry-red: she is no bother and I love her, but her flowers have hardly opened this year. Picton explained that she prefers a sunny September and that this wet autumn has held her back.

Recently, my personal interest has come to rest on what books have described as the also-rans. So often, there are forgotten winners among the great mainstays of the Horticultural Index: pokers which are not red-hot, agapanthus hybrids, dabbias with flowers that are not shaggy.

Among the asters, I have come to prize the forms with small flowers or Italian origins: the Picton collection shows dozens of them, which will be at their best in the next fortnight.

They include Amellus asters, which I first came to know years ago when they were

growing in my rock garden. They have one huge advantage: they like dry, well-drained soils - a necessary fact of Cotswold living - and they are never very tall. The best of them would adorn my personal turf altars every autumn.

In Germany, their resistance to dry weather suits the local steppe gardens and has caused the breeders to develop new varieties which will be reaching the UK soon. Meanwhile, the winners are violet-blue King George, pale lavender Sternkugel, and the finely-cut flowers of the deep pink Jacqueline Genebrier.

None catches midew and I cannot think why gardeners do not plant them more often. The one trick is to plant them out in spring and to split them into clumps, not the single shoots which are enough for the tall varieties.

On other fringes of the family, the late Royal Horticultural Society flower shows soon teach you where to look: the best cordifolius and later-

folius forms extend the season right through October and remain worth cutting until the middle of next month.

The National Trust is making widespread use of one variety called Little Carlow, with sky-blue flowers. It is excellent, as the Picton collection will show you, but is surpassed by a taller form - the remarkable Calliope, with lilac-blue flowers that appear above black stems and green-black leaves. Calliope is the outstanding plant of my autumn.

Unless you visit collections, you never see what lies neglected in the by-ways of these great families. The smaller-flowered asters add an entire extra month to the garden for people who do not want chrysanthemums all over their flower beds. They are pretty in leaf and wonderful for cutting and bringing indoors. But do not judge them by the flowers on the young plants with which you begin. They need a year or two in order to reach their best.

Beekkeeping/Gerry Northam

## Massacre of the males

About a week after the local sheepdog trials, we begin to look for signs of another rural ritual of subjugation - the massacre of the drones.

It comes around as regularly as autumn, bringing brutality and death to the gentle world of the apiarist in a public display of gender atrocity. By the time it becomes apparent to the onlooker, it is almost too late to save the wretched victims from their fate.

Inside the hives, the worker bees have been deliberately keeping the drones away from the stores of honey. The males are becoming desperate for food and, although they are bigger than their sisters, they are heavily outnumbered and starvation has weakened them to the point of only feeble resistance. They know their time is up.

One by one they are led out into the daylight and marched to the edge of the entrance-board to be banished. The more fortunate are cast out close to nightfall and die quickly of exposure. Others go on starving slowly for many hours until the cold finishes them off.

Almost all of them put up a struggle, turning back repeatedly to the warmth of the hive. They plough into the cluster of worker guards filling the entrance, the drones using their size to retake lost ground. But the cluster casually absorbs them and edges them out again until, exhausted, the drones give up and fly away to their solitary deaths.

The guards then bring out their next victim and the ritual is repeated. Eventually all the drones, perhaps 100 or 200, are driven out. The spectacle of their extinction is made all the more pitiful by its slow pace and total silence.

Inside, the rest of the colony is buzzing energetically over combs of strongly-scented honey which they have just filled from the heather. The slaughter is not part of an obvious battle for survival. The drones are not killed

while out raiding a strange hive for stores of honey. Drones cannot be bothered to go robbing.

The killing-field for them is merely the ordained end of their life-cycle, their form of death by natural causes.

By early autumn, drones are redundant to the active workforce. The sole purpose of their short lives has been to wait around throughout the summer in case one of them is needed to mate a new queen.

This is the only function in the complex life of the hive not undertaken by its tens of thousands of worker bees, the only one at which they cannot excel, since they are all female. But this makes a dull life for drones. Untroubled by any useful tasks, they mooch about the face of the combs getting in the way.

Occasionally they go out for a short fly-around, and visit a so-called Drone Congregation Area, a spot high in the air which by some mysterious instinct is known to local virgin queens. Now and then a virgin drops by looking for a stray drone to join her in a mating-flight.

Drone Congregation Areas have defied scientific investigation. They seem to be the honeybee equivalent of the cafe-bar in *The Wild One* where Marion Brando hangs out with the boys.

But these boys know their place, although such is the abundance of nature that only a tiny number ever mates a queen. For the rest, a few months of pointless existence leads only to a slow death once the hive decides it is too late in the year for a new queen.

But there is a limit to this feeling of sympathy. Beekeepers generally regard drones as a waste of space. We see through the eyes of our workers - and they look like expensive luxuries in the struggle for survival. Indolent passengers with big appetites. So as the executions roll on, it is time to ease the toll off a hive, shake a honeycomb free of bees and head for the dining table with a grateful cheer of "up the workers".

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## TRAVEL

# So very Kiwi – clean and green

John Westbrooke revisits his homeland

The sun filtered down between branches high above, and through green gaps we caught glimpses of blue water and blue hills along Queen Charlotte Sound. As we reached the halfway ridge, the trees around us were not all natives: early farmers had cleared the land, planted imports and then given up, and it was reverting to such overgrowth as black beeches with honey-suckle sap – which draw wasps by the dozen.

Over the ridge was real evergreen New Zealand bush: silver ferns, nikau palms and big rimu trees, 140ft high and 800 years old. (For the even bigger and older kauri, you have to go to the far north of the country.) At sea level we reached Ship Cove, named by Captain Cook who visited it five times on his three voyages in the 1770s; and we relaxed on the beach, recovered our breath and waited for the boat to pick us up.

The isolation is real, and I sympathised with the farm children we met around the sounds, studying by correspondence and going fishing by way of entertainment. Some families bring in paying guests for "homestays", typically involving transport by boat or float-plane, excellent home cooking, a warm spa pool under the stars. Here you can wake up, watch the morning mist rising over the water, and know you will need binoculars to see the neighbours.

We stayed with the Perrets in Bay of Many Coves, imbedded with the Robbs in Kenepuru Sound, and visited the Brakenridges' sheep station on Puhenui Island, all of them miles from one another and delighted to offer hospitality to strangers.

From the farm's highest point, we looked around 360 degrees, at more islands and inlets than we could count, alternating fingers of blue and green stretching into the distance. There are only a couple of towns in the area: Picton, the ferry port through which most people drive without noticing, and Havelock, on the next sound. Havelock is little more than a village but two noted scientists began their schooling there: William Pickering, who worked on the US space programme, and Ernest Rutherford, who split the atom – an irony in a country so passionately anti-nuclear.

New Zealanders' utopian ideals are encouraged by their remoteness from their neighbours: a 1,500-mile circle round Picton will contain no

one else but penguins and Australians. Most native animals are unique, including birds such as the kiwi which have forgotten how to fly as they have nowhere to go. Politicians are free to experiment: the country pioneered the welfare state and votes for women, and is now struggling with an extreme market economy.

And the people are as New Age as any Californian. One woman's magazine features not only the usual agony aunt, astrological and medical pages but columns by a vet, a palmist, a clairvoyant and a feng shui geomancer, a product of growing immigration from south-east Asia, who answers such psychodomic problems as "My son has painted his room purple and it's giving off bad vibes..."

One of the elements keeping the country in touch with the world is the wine industry, big and growing. On the plains to the south of the Marlborough Sounds, the sun has proved perfect for ripening grapes. Though not hot enough for reliable reds, the long, bright summers have produced world-beating whites in only a decade.

The best known brand is Cloudy Bay but there are 21 vineyards in the region. Most call themselves boutique wineries, and some have restaurants on site where you can sit in the sun, eat, drink and count your blessings. The best known variety is Sauvignon Blanc, but if you feel that drinking it is like being pelted with ripe fruit, there

are plenty of elegant Chardonnays and Rieslings as well. The region is rich in food, too: crayfish, apricots, olive oil, strawberries, merino meat and more. It exports pumpkin seeds to America and wasabi – a very hot Japanese mustard – to Japan. There are salmon farms along the sounds, and 350 green-shell mussel farms.

Down the east coast is the town of Kaikoura, which was once a centre for the early whalers. Now you can go whale-watching with an operation run by local Maoris who take you offshore to look for seals, dolphins and young, male sperm whales.

They sail year-round and claim a 95 per cent success rate, but the best time is early in the morning before the winds spring up. When the boat draws alongside a 50-ton whale lifting its tail in the air before quietly diving, the sight is breath-taking. Very green, very New Zealand.



Islands and inlets: the Marlborough Sounds from Puhenui Island, with a sheep station at the head of the bay

John Westbrooke

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John Westbrooke was a guest of Air New Zealand and the New Zealand Tourism Board. Return fares to Auckland start at around £900, cheaper at bucket shops. The people are friendly, the roads empty, and motels ubiquitous, but the sun can be fierce: summer is December to March. The Mobil Travel Guides to the country (published by Reed, sometimes available in Britain) are among the world's most exhaustive. The NZ Bed and Board Book (Moonshine Press, New Zealand) is a good guide to homestays.

## A big-sky identity

Sarah Anderson considers the fierce pride of Montana's people

The highway patrol officer was apologetic. He had stopped me for speeding, the needle of my speedometer having shot off the end of the dial. "That will be a \$5 fine," he said. This was Montana – big-sky country – where car licence plates have a series of inverted V's followed by a long straight line: mountains in the west and then miles and miles of flat, flat land.

The Rocky mountains in west Montana are brown and arid in summer, with sprinklings of coniferous trees on their parched slopes – odd in a region where rivers and creeks, full of trout, criss-cross the landscape.

This western part of Montana is experiencing a cultural clash. This is not a new experience. The original inhabitants, the native Indians, were appalled by the trappers, traders, buffalo hunters and prospectors who descended on them. In turn, these mountain men were horrified by the arrival of missionaries, settlers and ranchers, while the ranchers saw the next influx – sheep herders and settled farmers – as... appalling.

But whereas the cultural clashes of the past came in waves from the east, this time the incomers are mostly from the west, from California. As a result, the frontier is turning back on itself, and the latest newcomers are not popular.

As a resident of Bowman told me: "If I find out someone's from somewhere far away, I am rude to him. I get annoyed and angry. I feel they were in their place and it got ruined. Now they are coming to my place to ruin it." His views are not unusual, as the messages on T-shirts imply: "Montana Sucks: Now go Home and Tell Your Friends", and "Beautify Montana: put a Californian on a Bus".

A notice on the way into Livingston, a small town in the west, shows how the residents have even resorted to irony to express their feelings: "Have you hugged a tourist today?" The changes are both rapid and radical, and the cappuccino cowboys and Lycra-clad mountain bikers with their

"ranchettes" and trophy homes are sneered at. But the old economy, which depended on ranching as well as the now-finished industries of logging and mining, could no longer sustain the population.

Montana's new economy is based on property and recreation, and although the newcomers are turning the old Wild West into the Virtual West – a term used by William Kittredge to describe the practice of turning simple land into safe, watered, walled, stuccoed interpretations of the old west – a new west had to emerge. And the newcomers, many from Hollywood, do have money.

It would be easy to romanticise the past, but far better that it should be appreciated for what it was, with all its shortcomings. In western culture, which is both environmentally aware and travel crazy, urban dwellers tend to go to the wilderness to search for "great places and sacred places" in order to get a quick high and to try and capture a sense of the violent past.

However, as the frontier turns back on itself, so the violence changes from being predominantly rural to predominantly urban. The cities are the new wild places.

The fragile landscape desperately needs help, but the environmentalists have not provided all the answers. There is deep suspicion of those who do not live in the west but like to dictate what they believe should happen there.

The harsh and spartan life endured by the original pioneers created an individualistic, independent and tough breed of people whose descendants are now pivotal figures on the extreme right. Neo-Nazism and the Ku Klux Klan have strongholds in Montana. Both movements appear to be growing because people fear losing control of their lives.

Jobs and traditional uses of land are both threatened, and it is important that newcomers recognise that the locals need to earn a living. As the editor of *High Country News* says: "God, who wants a place with nothing but a bunch of yuppies running around?"

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## SPORT / MOTORING

## Formula One

## Drivers fuel the fireworks display

John Griffiths on tomorrow's Spanish grand prix and the potentially explosive clash between Hill and Schumacher

If the script leading up to tomorrow's European Grand Prix near Jerez, Spain's sherry capital, was a fictional work, its writers would stand accused of hatching an implausible plot after too much of the local tipple.

Even the bitter, headline-grabbing rivalries of several years ago, between former world champions Alain Prost and the late Ayrton Senna, are no match for the complex interplay of passions and personalities which will make tomorrow's start one of the most exciting - and potentially hazardous - in memory.

The return of the moodily aggressive Nigel Mansell from IndyCar racing to drive the last three races of the season for Williams-Renault, alongside fellow Briton Damon Hill, has already generated high tension for tomorrow's race.

Mansell, at 41 and after a lacklustre season's racing in the US, has a determination to prove wrong those critics who say he should retire - notwithstanding his claims this week that he only wants to make the end of the season "more entertaining". At stake for Mansell is the prospect of a permanent seat with Williams for the 1995 season instead of the talented young Scot, David Coulthard.

Hill was already under psychological pressure before the teams even arrived at the undulating Jerez circuit. He, too, has been smarting from media rumblings - in his case that he is not fast enough or aggressive enough to make world champion material, and that he is in the running for this year's championship solely because of the two-race ban from which the German Michael Schumacher and his Benetton-Ford have just returned.

In testing at Estoril in Portugal last week, Schumacher immediately returned to form, outpacing Hill by more than half-a-second, and Benetton team-mate Jos Verstappen by more than three seconds - the latter light-years in grand prix terms, equivalent to around

200 yards per lap.

Hill, just one point behind Schumacher because of the ban, was not only contemplating the prospect of a daunting fight against the young German tomorrow; he was also worrying about how to make it plain that he is capable of keeping Mansell behind him on ability, not just team orders.

But Schumacher has now raised the emotional ante sharply. All his resentment over the ban, and the unsubstantiated innuendo concerning cheating which has swirled around the Benetton team for months, boiled over before yesterday's qualifying into a withering verbal attack on Hill - a "little man", he maintained, with unrealistic ambitions.

Few had suspected the depth of the grievance he was nursing against Hill, over remarks made by the Englishman that "no one should shed tears" over Schumacher's ban (for disregarding a black flag at the British grand prix in July).

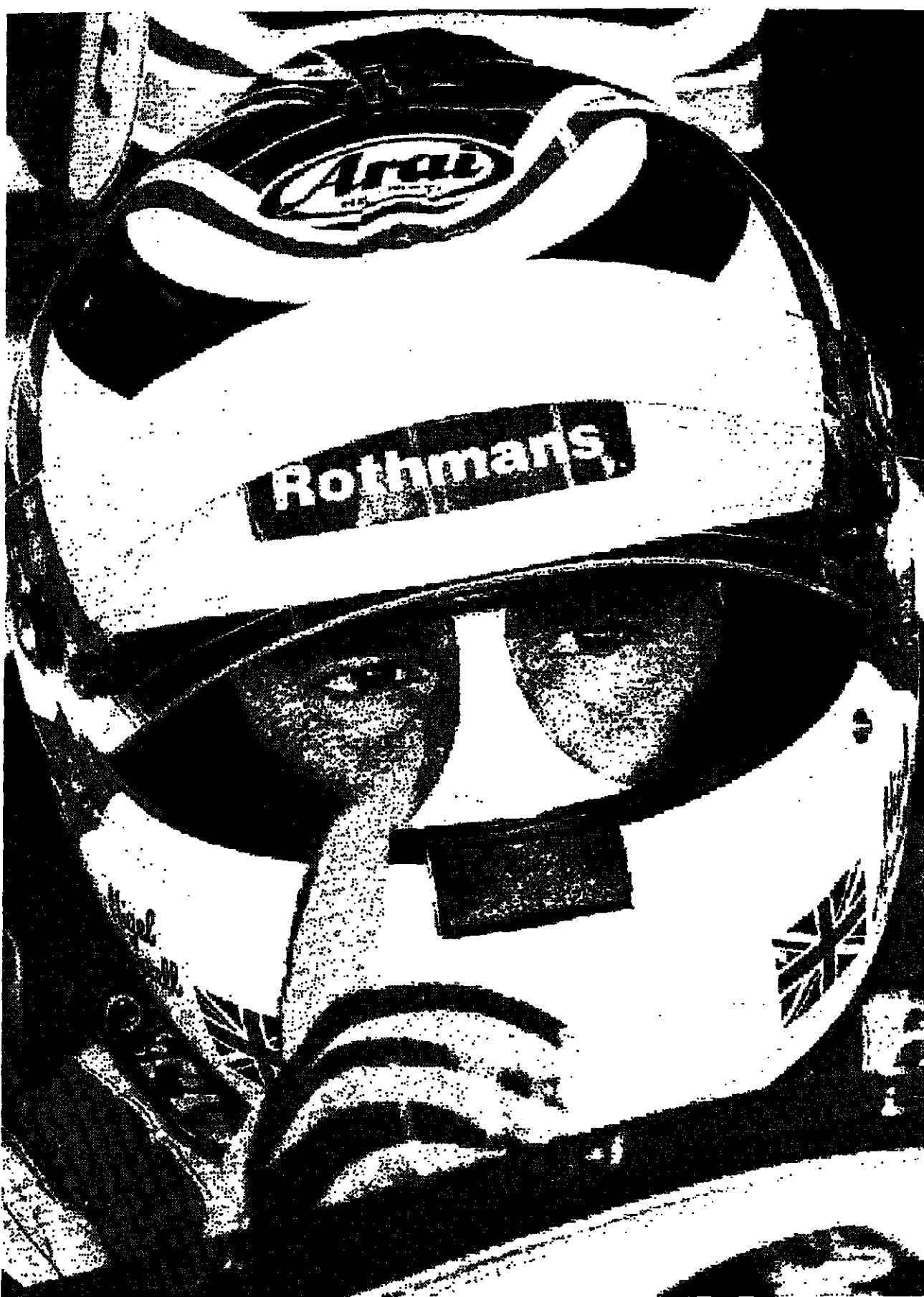
Hill, Schumacher made plain, should have kept quiet, like the other leading drivers.

And with a disdain that must have felt desperately wounding to Hill, he maintained that Hill had become lead driver at Williams only by the accident of Senna's death and that Hill "never was a No 1 driver. David Coulthard was quicker than him after three races. I do not have as much respect for him as other drivers."

As many in the Jerez paddock saw it, the outburst comprised a mix of understandable frustration and an increasingly arrogant posture from the 23-year-old German.

Whatever the pros and cons, it has left scores to be settled tomorrow.

As the principal of one of the leading teams, for obvious morale reasons not wishing to be identified, observes: "Schumacher has a second in his pocket over everyone else. That's why everyone will be after him when his contract with Benetton ends at the end of 1995. Let's be clear: whoever



Nigel Mansell gets ready for a test drive in Spain

gets him has won the championship. At the moment he is unique: there is no one in his class."

The slanging matches of recent hours may have sullied the atmosphere but the will-to-win among the rivals has become palpable.

"We're in for a terrific end to the championship. The racing is tough and that's the way it should be," observes team boss Frank Williams.

For a season that began in such sombre fashion, with the deaths of Senna and Roland Ratzenberger, it is finishing on a higher note than anyone could have expected amid the

shock and the welter of safety-driven rule changes ushered in after the fatalities.

The changes, to make circuits safer and cars slower and more predictable in their behaviour, may have been forced through unconstitutionally, as the teams claim, by the FIA, the sport's governing body, but they are acknowledged to have resulted in safer and more drivable cars.

That said, "they are still 800 horsepower powering 515 kilograms. They are still a man's car; no, not really, they're rockships," says Williams.

Next year, the rockets will be

slower. With smaller engines - 3 litres, not 3.5, smaller wings, less downforce and more weight.

It means, says Williams, that this year's cars "will be total scrap at the end of the season".

The teams maintain that after next year's changes, there must be a prolonged period of rules stability to contain costs and take account of resources available.

With some possible exceptions, it looks like they may get it. Relations between the FIA and the teams, so turbulent in the past, are acquiring a stability which most are hopeful will endure - even

though there is a feeling among the top teams that the new rules may not achieve all the safety goals to which FIA president Max Mosley aspires.

Only on the subject of refuelling is there real concern. The horrendous picture of the fireball which engulfed Benetton-Ford's pit earlier this season, when the refuelling hose slipped, shocked the world. Mosley and his cohorts must search their consciences as to whether it should be rescinded.

On that occasion, the fire-fighting equipment worked admirably. It is unlikely to deal with the fireworks tomorrow.

## Right on to the end of the road

Simon Hughes goes walking with Ffyona Campbell



Ffyona Campbell at journey's end

There has been a television series, a book, and countless articles written about her. But there is a good chance you have got the wrong impression of round-the-world walker Ffyona Campbell. Contrary to what you might have been led to believe, she is perfectly pleasant.

But, as so often happens with people who stand out from the crowd, her image has been reduced to that of a ramorous, scheming bitch.

Ffyona, who started her world walk 11 years ago and finished yesterday morning, finds the label attached to her hurts - almost as much as her feet. Beneath the iron will that drives her along there lies a sensitive soul.

Criticisms, wild arms-length judgments from people who have hardly met her, have damped her spirit, but not crippled it. Conversely, the people at the roadside wishing her well, friendly drivers stopping for autographs, elicit flushes of satisfaction. "Oh, thank you, thank you," she said to a family who pressed a Scottish pound into her hand.

At temporary rest points or primitive camp-sites she fusses around clumps of exhausted bodies, draining their blisters, immersing their feet in salt water and administering second skin from a plastic box.

She has limitless energy, gulping down her evening meal before disappearing into a nearby tentin bowling centre to be interviewed by TV presenter Janet Street-Porter.

"Can I have a quick word with you, Janet?" I said when they had finished. "No, sorry. I've had a long journey from Lancashire and I'm rather tired," she replied with unintentional irony.

"That's the problem with the media," Ffyona said, as we marched briskly up a farm

track the following morning. "None of them has been prepared to experience what I endure. Only by sharing the pain I feel and the exhilaration of seeing the van at the next stop can they really understand what this is all about."

During our eight-hour hike through the Scottish Highlands, she talked incessantly. She was inquisitive, observant and reflective: "I haven't walked with people before and gradually I have become more patient. I suppose I have matured."

Her alleged irascibility was nowhere to be found. "It upsets me when people don't try," she said, echoing the attitude of many top athletes.

"But look at her, she's brilliant," she added, pointing at a woman teetering downhill on tip-toe in obvious agony. "Come on, Janice, keep going!" she urged. "That's it, not far."

Some people collect stamps or coins or autographs. Ffyona Campbell collects miles.

What makes people do these crazy things? It is an impossible question, but we should not castigate people simply because we do not understand them. Obviously they make promises to themselves that they feel obliged to keep.

Ultra-determined people can be fanatical about their goal - a trait which can alienate others.

On Sunday night, Ffyona pored over the map of Monday's route, illuminated by wood burning in an old oil drum. "No, I don't do that!" she said, having noticed a short ferry ride across the Cromarty Firth. "We must use a road if possible. If I don't walk every step I would never forgive myself."

Attention to detail is evident in the placing of a stone at the day's end - so she knows exactly where to start from in the morning.

## Motoring

## A-plus for effort, B-plus for the car

Stuart Marshall believes Chrysler's compact competitor will mature like a young wine

Chrysler deserves an A-plus for effort with its Neon compact car. Here we have an American manufacturer, known best for its millions of standard-size US automobiles, Jeeps and mini-vans (multi-purpose vehicles), challenging Europe and Japan at their own game.

By US standards, the Neon is a small car (although medium sized in European and Japanese eyes). A four-door saloon that seats four to five people, it is larger than a Ford Escort but a little smaller than a Mondeo.

The 132-horsepower, two-litre, four-cylinder engine drives the front wheels through a five-speed gearbox. Suspension is all-independent, power steering and two air-bags are standard, and the styling is clean and vaguely mid-Atlantic.

The Neon is innocent of chromium-plated excesses. Inside, it looks sober enough to please German buyers, although the well-shaped seats yield comfortably in the Italian style. The driving position is excellent - a tilt-adjustable steering wheel helps - and the gear-shift is light and positive.

Head-room is ample and all-round visibility good. The only features Europeans will find unfamiliar are the old-fashioned push-pull light-switch on the fascia, and a clutch pedal that has to be depressed before the starter will operate. (US car-makers had bruising experiences with insurance claims from owners

careless enough to have started in gear and driven through garage walls.)

A day spent driving a Neon in Germany left me with mixed feelings. On the plus side, the ride and handling felt strictly European because the suspension has been developed to suit tastes on this side of the Atlantic. (American buyers get a similar suspension only on the sportiest Neon. The standard car there is sprung much more softly to cope with broken road surfaces.)

It was a reasonably lively performer, although I would have expected more muscularity from a two-litre engine in a modestly-sized car. But the most important thing was

that, within five minutes of moving off, I felt completely at home.

On the debit side, it lacked the refinement buyers have come to expect of European and Japanese cars in the Neon's class. In town, the engine was flexible - due, in part, to low gearing (about 20mph/32kph per 1000rpm in top) - but it sounded quite strident when accelerating and fussy when cruising on the autobahn at 80mph (130kph) and over.

The transmission whined and, especially at low speeds, was affected by what is known in the trade as shunt; that is, it jerked when going from power-on to power-off because

the engine rocked on its mountings.

The Neon is being sold in mainland Europe now but will not arrive in Britain until the end of next year - its first UK appearance will be at the London Motor Show in October 1995. By that time, Chrysler should have removed the irritations and be on the way to realising the Neon's potential as competition for established marques.

Apart from Fords and Opels, Renaults and Peugeot's, Nissans, Toyotas and Hondas, rivals will include such cars as the Korean-made Hyundai Lantia. But Chrysler Jeep Imports UK - which, in the

past year, has beaten all expectations with its sales of petrol-engined Jeep Wranglers and Cherokees in a 4x4 market dominated by diesels - thinks the Neon will appeal to buyers looking for something a bit different.

Price will be the key. When the Neon gets to Britain early in 1996, an educated guess puts the target figure for a basic right-hand drive model at about £10,000. A top of the range model loaded with every extra, including air-conditioning, might be just under £13,000. At that, a Neon could look attractive as an alternative to something more conventional.

As a car, I give it only a

B-plus at the moment but, like a young wine, it will mature. Nor should one under-rate the customer appeal of its Chrysler name - one of the oldest and most famous in car-making - and American provenance.

## MOTORS

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## BOOKS

# Prince's mistress comes a cropper

Jackie Wullschlager on the haunting story of a spirited but doomed 18th century single mother

In 1811, the most famous and beautiful actress in England was in her dressing room when she was handed a letter. It announced that her husband, the father of ten of her 13 children, was leaving her to seek better marriage prospects. She could negotiate a settlement, but if she caused trouble, she knew she would lose custody of the family. She went on stage, gave a thrilling performance, burst into tears when another character described her as "laughing drunk", and slid into the wings. Five years later she died, penniless and forgotten.

The actress was Dora Jordan and her common-law husband was the future King William IV, with whom she lived in domestic bliss for 21 years. At the core of the nation's history, she entertained for him, was friends with the Prince Regent, with Charles James Fox and the

playwright Sheridan. But her glittering ménage was built on social ambiguity and political corruption; beneath was a vulnerable single mother who literally sang for her supper. Like the comic part she acted while her heart was breaking, her life hinged on the gulf between appearance and reality.

This is a riveting biography. In recent years, blockbuster Lives have centred on Victorians. Tomalin is one of several major biographers now reversing that trend to fix on the 18th century. Her book conjures up a rich, alluring period which, in its brittle deca-

dence and love of scandal and flamboyance, often seems closer than the 19th century to our own times. Public life and individual privacy; the limits of sexual freedom; the place of art in society; working mums; her tale resounds with our most topical issues.

Dora Jordan was born in 1761 into a family of strolling players. At 21, she supported her deserted mother and her own illegitimate daughter on the provincial boards. By 25, she had made the roles of Rosalind and Viola her own - Charles Lamb called her "Shakespeare's woman" - and she played Wycherly's Coun-

**MRS JORDAN'S PROFESSION: THE STORY OF THE GREAT ACTRESS AND THE FUTURE KING**  
by Claire Tomalin  
Penguin £18, 414 pages

try Wife for her London debut.

In all three parts her mix of toughness and vulnerability shone, and soon she was a popular star. She earned £200 a year from Sheridan's Drury Lane theatre at a time when Jane Austen thought £140 an ample living for a clergyman and

his family; a single benefit night doubled her annual salary, and admirers threw purses containing £300 at her as she took curtain calls.

Tomalin is inspired on the wit and razzle dazzle of Drury Lane. In the 1780s a magnet for politicians, intellectuals, kings. The cat's cradle of partner-swapping among the Sheridans, the Royals and Dora recalls *Così fan Tutte* - there was even a Royal dinner party in 1789 where the men dressed up as Turks and invited their wives to identify them with kisses, only to burst in through a side door and reveal the Turks as servants. That *Così* was

written in Vienna that year makes Europe seem small and homogeneous.

But as in the opera, the bright sheen turned dark. Prince William, heavily in debt, cast about for a rich wife; there are shades of the new sentimental 19th century morality when he found one barely older than his daughters and wrote: "She is doomed, poor dear innocent creature, to be my wife."

Dora's girls had to live with governesses in the Prince's household, and her boys were sent to the army. Dora lent money to a son-in-law who defaulted, and made her bank-

rupt, and the Royal lawyers urged her abroad to avoid arrest. Neither pride nor avarice, she wrote, but "the loss of my only remaining comfort, the hope I used to live on from time to time, of seeing my children," made her desperate to return. She died alone in Boulogne.

William, like Leontes in *A Winter's Tale*, remorsefully commissioned a life-sized statue, but neither he nor Queen Victoria - who banished the statue to the sculptor's studio - was keen to revive Dora's memory.

Tomalin is never stridently political; but a burning sense of outrage at Dora's social and sexual helplessness, at bigoted illegitimacy laws and at the hardship of a lifetime of births and miscarriages - Dora's colleague Sarah Siddons once went into labour on stage - fuelled this account. It is the most haunting biography I have read this year.

## Cautionary tales of true blue politics

John Major has been British Prime Minister for nearly four years - longer than Eden, Home, Callaghan and Heath. Despite recent opinion polls, and the assumption between the lines of these two books - that the Tory Party has been in office so long that it is bound to fall in the next general election - I would not bet against Major's producing an all-time record.

The case for him is not easily acceptable to students and practitioners of politics. It is the case for weak government: incompetent, contradictory, but generally keeping the show

**THE MAJOR EFFECT**  
edited by Dennis Kavanagh and Anthony Seldon  
Macmillan £20, 500 pages

**CONSERVATIVE CENTURY: THE CONSERVATIVE PARTY SINCE 1900**  
edited by Anthony Seldon and Stuart Ball  
Oxford University Press £20, 342 pages

on the road. Harold Wilson, with whose prime ministerial performance Major's has so much in common, described it thus: "The best style of government is like rowing - the ideal solution is to get the boat along as quickly as possible without turning it over." Meanwhile, Wilson might have added, life goes on.

So it is with Major who began by saying that Britain was at the heart of Europe, that the Maastricht treaty was a must, set and match to "Britain" and retreated into trying to hold his party together. One could say the same about British membership of the exchange rate mechanism: Major as chancellor took Britain in. Major as prime minister defended staying, and Major still as prime minister took Britain out.

None of that is particularly to denigrate Major: Britain is clearly a hard country to gov-

ern, as Wilson discovered. Perhaps it is governed too much, not too little.

It is also quite hard to write contemporary history. How contemporary is contemporary if it is to be considered history, and when do journalists shade into historians? The editors and writers of *The Major Effect* have made a decent attempt. Their aim was to examine how much or how little has changed in the British political system since the departure of Margaret Thatcher as prime minister. Yet there must be some reservations about their achievements.

One is a tendency to look over the shoulder at the last opinion poll and forward to the next in case it produces a shift. There can be no assured judgments from writers like those. There are also some follies. Thus William Wallace writes in his essay on foreign policy that under the ownership of Conrad Black *The Spectator* "revived to become the leading political weekly of the right". One wonders about the size of the competition.

The most intellectually distinguished piece is by Peter Jay, the economics editor of the BBC, on the economy; yet, as Jay admits, it has little to do with the theme of the book: it is a restatement of his own opposition to fixed exchange rates. Still, this must be one of the few published essays to pay tribute to Norman Lamont as chancellor. Jay thinks that Lamont was too loyal to Major in going along with ERM membership in the first place; he was Cardinal Wolsey to Henry VIII. Moreover, it was Lamont who introduced the unified budget - one of the biggest changes of the Major period and indeed in postwar budgeting. This week Lamont fought back.

The most interesting piece is on law and the constitution by Simon Lee, Professor of Jurisprudence at Queen's University, Belfast. Lee points out that the courts and judicial reviews are gradually supplanting parliament in their political importance. There is, too, the challenge from Brussels

and the European Parliament, with which Westminster has yet to come to terms.

Both books are a little too kind to the Conservative Party to be considered wholly objective. The much longer *Conservative Century* draws its title from the number of elections the party has won in the last 95 years. One is reminded of looking at the results of the Boat Race: at a certain period Cambridge seemed dominant, then relentlessly Oxford began

to catch up.

More seriously, the book fails to distinguish between conservatism with a small and large "c". It is perfectly possible to regard Labour as more conservative than the Tories, which may explain the present threat from Tony Blair. Moreover, the writers take little account of chance and political cock-ups. The sequence of electoral victories might have been quite different (say) if Attlee had held on in 1951 when the

economic boom could have come to Labour's rescue, if Harold Wilson had delayed a bit in 1970, and if Edward Heath had not gone to the country in February 1974.

Above all, it fails to point out that the continued electoral success of the Conservative Party has partly depended on the existence of two oppositions. This was as true at the beginning of the century as it is now. Why Labour and Liberal do not learn from this is

another matter.

The Tories have usually had the edge on propaganda, but even there they do not always win. As Richard Cockett describes, in 1929 - well before Saatchi & Saatchi - the party employed J.H. Benson's, well known for its advertisements for Guinness. They came up with the very conservative slogan "Safety First": the Tories lost.

Malcolm Rutherford

## Movie myths in real life

Sometimes a movie career seems like a giant rehearsal for the autobiography. Years of signing deals, speaking the right lines, grinning for the cameras: they all fall into place when the protagonist can at last say "Ya boo". No more lies. No more lies. Here is how it was, and how he is.

But will the reader, brought up on the movie myths, recognise the truth when he reads it? And what kind of truth is it? Are not the autobiographer's verities as subjective as anyone else's? Here are two self-portraits that seem as definitively non-definitive as any we have met.

Marlon Brando and Robert Evans collided professionally just once. At Paramount in 1970, Evans gave the nod to Brando playing the title role in *The Godfather*. A reluctant nod, claims Brando: Evans thought he was too young. But soon the 47-year-old Method legend was stuffing cotton wool in his cheeks, honing that Italianate croak and earning his second Oscar. The first was for his historic mumblings and scratchings - that astonishing essay in downplaying that should not have worked but did - in *On the Waterfront*.

Now the two men collide again in the bookshops. Brando's *Songs My Mother Taught Me* is a vast, slurred, exasperating ego trip that takes him all the way from Nebraska boyhood - son of an "off-the-shelf drunk" (mother) and a "card-carrying prick" (father) - to Tahitian retirement.

That retirement has now lasted 20 years. Since the 1972/73 double whammy of *The Godfather* and *Last Tango in Paris*, Brando has been lured back to the cameras rarely, briefly and usually for the money. He picked up a cool million for playing Superman's Dad. And he picked up even more for mumbling lazily, as he admits, through Christopher Columbus as Torquemada. "An embarrassingly bad performance," its perpetrator sums up; but he still took the \$5m.

Meanwhile, Robert Evans rose from indie indistinction as a juvenile-lead actor to infant prodigy movie mogul. He headed Paramount at 28, ran it for ten years, and bailed it from bottom to top in the studio league table. *The Odd Couple*, *Love Story*, *The Godfather*, *Chinatown*... Money disguised as celluloid.

But where do you go after that glamorous uphill run? Only one way: straight downhill. Evans's beautiful

and damned life could have been scripted by F. Scott Fitzgerald. (He played Irving Thalberg, model for FSF's last tycoon, on screen and later produced *The Great Gatsby*.) Cocaine and wives and suspicions whirled around Evans in the 1970s and 80s - though his part in killings connected to *The Cotton Club* were never proven - and he finally fell back into movie production. Happy ending? Not quite. His first film for Paramount after re-hab was the inauspicious *Steel Dawn*.

Evans's life makes a better story than Brando's and a far better autobiography. He seems to have written his own material. Snappy conversations are set down with total recall. And the prose is glorious with Tinseltown-speak.

Meanwhile Mr. Laszlo Brando of Tahiti, after rising on the rollers of his god-given talent to the heights of *Streetcar*, *Water-*

**SONGS MY MOTHER TAUGHT ME**  
by Marlon Brando with Robert Lindsey  
Century £17.99, 468 pages

**THE KID STAYS IN THE PICTURE**  
by Robert Evans  
Aurum £16.95, 412 pages

*front* and *Godfather*, now sits on his coral atoll expatiating on transcendental meditation, the plight of the Indians and his numerous, supposedly rollicking sexual exploits.

These go on forever. Sometimes he talks about acting; and the book comes alive when he does. We learn about the improvisation genesis of *The Godfather* and *Last Tango in Paris*, about lying on ice to intensify the death scene in *Mulholland Drive*, about tearing out his emotional innards in *Last Tango*. We even learn about those infamous cue-cards. Yes, Brando does read his dialogue off bits of paper stuck round the set. But he argues, it lends freshness and the illusion of thought; and who, having seen Brando act, can complain?

Both books are perceptive works in all senses. Self-justifying, self-glorifying (sometimes through shrewd self-deprecation); and manifestly short of the whole truth. The largest lacuna in the Brando book is the murder trial of his son Christian. The largest hole in the Evans book is a sense of the man in repose: indeed of anyone identifiably human.

Nigel Andrews

Asia's vast heart lies between the Caspian Sea and the mountainous borders of China. For centuries it was a tumultuous space, bisected by the western reaches of the Silk Road and ravaged by plundering armies of nomads. The civilisations that flourished there, before the great rivers dried or changed course, or before the plunderers came, are marked today by ruins and dust.

Men once used to mine down the streets of great Central Asian cities in high-heeled, thigh-length, pointed-toe boots, swathed in dazzling muslins and riding horses caparisoned in turquoise and gold. The women of their harems wore "the most painted their eyebrows with antimony and the finger-nails with holsam. In the markets Chinese, Hindus, Jews and Persians mingled to exchange Asia's brilliant riches. And with wealth came learning, arts and ease.

No-one could better Colin Thubron's doleful elegance as recorder of the sad and potentially dangerous plight into which Central Asia has since fallen, first as a result of Russian and later Soviet domination, and now as a result of the passing of that domination. The grim poverty in Turkmenia and Uzbekistan summons Thubron's melancholy. The cities are placeless, the

## Down the Silk Road . . . into the Empty Quarter

A.C. Grayling and Michael Thompson-Noel discuss masterly evocations of the world's wildest places

hotels empty, the streets silent and dirty. Bewilderment prevails in the current economic decay and uncertainty. Thubron writes: "Dusk emptied the lanes. A few street-lamps stood in stagnant pools of light, and a call to prayer waivered on the sunset."

The question that obsessed Thubron as he travelled through Central Asia was, will it fall into the grip of Islamic fundamentalism? Apart from a few young men studying in the newly-reopened mullah schools, few of those he quizzed seemed to think so. They were unconcerned; fundamentalism of the Iranian kind, they said, was alien to their traditions; their women were too independent to accept the veil. Some Uzbeks told Thubron they dreamed of a pan-Turkic federation in the region. They looked to the relatively flourishing Western-style success of Turkey as an example of what Central Asia could become. But questions of identity remain indeterminate; many of Thubron's interlocutors were indifferent to nationalistic appeals, and felt themselves inheritors of too many races to be deeply moved by considerations of blood.

Instead they appealed to a wider, more inclusive but still diffuse, sense of Moslem brotherhood.

Thubron's chief fear is that the current mixture of political dislocation and deep poverty will prove volatile. Gangsterism prevails, inflation soars, the peoples of the region have exchanged Soviet illusions for what seems to many of them a desperate futurelessness. The common cry is "Last year must be the last."

**THE LOST HEART OF ASIA**  
by Colin Thubron  
William Heinemann £16.99, 375 pages

ton cost three roubles, now it is three hundred." It is unsurprising how many told Thubron they regretted the Soviet era's passing, and cursed Gorbachev for a betrayer.

The central episode of Thubron's wanderings among Central Asia's oases, mountains and steppes was a wild dash by car through the Pamir Mountains into Tajikistan, travelling just ahead of the civil war erupting there, and threading a way through snow-clogged, avalanche-gashed passes high

above the snow-line. It makes for thrilling reading, and brings some of the region's wildest and grandest beauty vividly into view.

But Thubron is happiest when he is saddest, picking his solitary way among poignant ruins and meditating on the fate of civilisations.

A looming presence in Thubron's vision of Central Asia is Tamerlane, the great emperor who built Samarkand. He was a descendant of the legendary virgin Alangos, who had given birth after being ravished by a moonbeam. Tamerlane conquered a vast quarter of the world, and brought back as slaves the best builders and artists to construct his capital. His monument is a huge cairn of stones in a high pass of the Mountains of Heaven, which divide Kazakhstan from China.

"It was said that Tamerlane, passing east with his army, ordered every soldier to gather up one rock and pile it in the past," Thubron tells us. "Years later, on his return, each man took away his stone to Samarkand, and those that remain became a cenotaph to the fallen." It was a fitting place for Thubron's own journey to end.

As a result, Thubron's greatest works, *Arabian Sands* and *The Marsh Arabs*, are superb evocations of the world's wildest places, and of their inhabitants, at precisely that moment

- the middle of the 20th century - when high technology was bathing mankind in a stark, ungodly light.

Thubron detests the way that the arrival of the machines has heralded the obliteration of traditional values: courage, the warrior instinct, loyalty, dignity, stoic endurance and honesty. For Thubron, technological society produces little but selfishness and materialism.

**THESIGER**  
by Michael Asher  
Fiking £20, 382 pages

As his biographer says: "This is Thesiger's legacy: he reminded us that there is more to our relationship with the earth than can be understood through a windscreen or analysed in a technical report. It is that elusive quality best understood by poets, writers, artists and romantics - spirit."

Thesiger's biographer, Michael Asher, is no keyhole-peeping swot but a desert explorer in his own right. As well as retracing Thesiger's steps uphill, down wadi, across quicksand and through the Empty Quarter, Asher stayed

two years in Nairobi, and interviewed the old explorer in his Kenyan home, a modest cabin.

His admiration for Thesiger is unstinting. Yet Asher is always swift to describe the paradoxes that underpin Thesiger's self-adopted role as a living link between the world's "unsplotted peoples" and the juggernaut of technology and modernism that is sweeping them away.

For example, Thesiger deliberately courted danger, and remarked: "Fancy offering any self-respecting person security from the cradle to the grave... Today most men do not experience enough challenge and hardship... How can people work off their frustrations by kicking a tiny ball in a park?"

There is truth in this statement, says Asher. Yet security, he observes, is precisely what the high-born Thesiger always had: the cushion of a privileged place in society from which to launch his many expeditions. How easy - one imagines - to have satisfied his restlessness and indulged his romanticism by seeking out the hardships that primitive peoples endure in order to survive. Asher's brisk treatment of

Thesiger's sexuality, a subject on which another writer might have laboured like a beetle with a dungball, is exemplary. The thing is not a mystery: Thesiger likes men, though he says that his liaisons with a string of dusky youths throughout his life were what Asher calls "essentially platonic".

Thesiger denies he is a misogynist, though he is certainly anti-feminist. "A woman tends to bulge in the wrong places," he told Asher. "It's a pity you can't have babies in bottles... It's probably true to say that I have a low sex-drive... All those months - five years in the desert - there was no question of sex and it left me untroubled, just as it did that I couldn't get a drink or a decent meal."

Terrestrial exploration is largely finished, and old age has left Thesiger stranded in disillusionment. We are dinosaurs, he maintains, heading for extinction. "There's nothing to be cheerful about... Everything is going to the dogs."

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## ARTS

The rowdy reception given to the Royal Opera's surreal new production of Wagner's *Rheingold* at Covent Garden on Thursday marked a novelty in the history of boozing in London. It was unusually virulent, wave on wave of baying anger billowing across the auditorium from the highest reaches, aimed mainly at director Richard Jones and designer Nigel Lowery. It was also one of those rare demonstrations that unite all classes, price levels and degrees of operatic expertise.

Disapproval more usually observes social demarcation lines. A Covent Garden Wagner production of *Der fliegende Holländer*

found at least one tiara-wearing dowager in the stalls shouting "Rubbish!" while the gods applauded an innovative concept. Conversely, even an acknowledged disaster like the Royal Opera's *Huguenots* two seasons ago had its supporters in the stalls even as the first night gallery bellowed its contempt. At the new *Rheingold*, the booing from the upper ranks blended with exclamations of

"pusill!" from the more genteel stalls like a Gilbert and Sullivan double chorus. Until fairly recently it was surprising to hear any booing in a British theatre. John Osborne's works were occasionally the target for audience hostility, but booing has caught on more readily in the opera house than in the theatre. This may be due to the heightened emotional situations of opera,

or the heightened prices a disgruntled punter may have paid; or perhaps imitation of sinister continental practices. Italy has its time-honoured claque who demand money from artists in return for cordiality. Richard Bonynge allegedly called the Scala claque's bluff before his wife Joan Sutherland's debut - and she survived. Paris was until recently notorious for the arbitrary way in

which the Opera claque would decide whom to boo that night, irrespective of how the artist might perform. No sordid considerations of money affected the French claque. After the soprano Regine Crespin rose from her seat in the audience to defend a colleague and shout back at the hecklers, she was subjected to an ugly campaign of hate mail, death threats and abusive phone calls.

In the 1950s, after a Vienna State Opera *Tannhäuser*, the tenor was chased through the streets until he lay vomiting with exhaustion and terror on the pavement, watched by devotees of the lyric art. The 1950s saw heated correspondence in the British press on whether to boo or not, a sign perhaps that there are no absolutes in criticism and one man's deconstructivist illumination is another

man's pretentious tosh. More recently, English National Opera has blazed the trail for respectable booing with a series of productions that polarised opinion, even erupting into foyer fistfights with the film noir-cam-Dali production of Verdi's *Masked Ball*. In the opera house at least, booing is now an established fact of first night life. But disapproval tends to be reserved for production teams; for outrageous ideas rather than inadequate performers. Don't shoot the singer, he's doing his best, seems to be the philosophy in Britain. But the producer is fair game. ■ David Murray reviews *Das Rheingold* and *Die Walküre* in Monday's paper

# Why the gods booed the Gods

Martin Hoyle on the virulent display of disapproval that greeted Covent Garden's new Ring



The chief aim of the three Sitwell siblings - Edith, Sacheverell and Osbert - was, according to Aldous Huxley, "to REBEL". But, he added, "though a charming idea, the steps which they are prepared to take are so small as to be hardly perceptible." The National Portrait Gallery's new exhibition and accompanying catalogue (£14.95 pbk, £18.95 hbk, 240 pages) chronicles in paintings, photographs, music, literature and letters the Sitwells' influence in the arts of the early 20th century and leaves us lamenting the decline of the Great English Eccentric.

## Smiles, sambas and psychotic behaviour

It is difficult to know quite what to make of the Brazilian *Grupo Corpo*, installed this week at Sadler's Wells. It looks like the product of a Jekyll and Hyde experiment in some remote part of the Amazon. Just before curtain rise the members of a dance troupe drink a potion and proceed to scare the living daylight out of an audience with a display of ferocious tosh, while giving a Mozart Mass a thorough going-over. But the dancers return after the interval, all smiles and samba rhythms, to win us with charm and pretty dances. It is psychotic behaviour of the most inexplicable kind.

So I interpreted the events of Wednesday evening. The company is nearly 20 years old, and was seen briefly with Dance Umbrella here a decade ago. Its founder-choreographer is Rodrigo Pedreira, and it is he who gives the troupe its split-personality. His *Orphanage Mass* is a capoeira attack on Mozart, feet flying, the music knocked for six. Curtain-rise brings a view of men and women, dingly clad, lurching in a curious high-shouldered gait towards one of those backdrops of eroded sandstone that would make any self-respecting surveyor tell you of "very serious problems with rising damp". More seri-

ous is the fact that we are in Kylian-country, where the angst is high as an elephant's eye, and no good will come of anything. Nor does it. The cast look like inmates of a home for the criminally insane, and behave thus. Wild activity from women in those long suicidal frocks that are *de rigueur* in films about institutional life. The men wear sack suits and blank expressions, and ram-page. Life is very fraught. Pedreira has a few anxious movement ideas, which he tacks onto Mozart, though musical form and the matters of a sacred text go largely unregarded. I suppose if your idea of spectator sport is visit-

ing a mad-house, then the piece has a certain allure. I thought it an interminable, flailing bore, in which the cast unleashed megatons of energetic gloom. At the interval, I was ready for hemlock. But the sun does come out. Pedreira's second piece in the programme is *Nazareth* - not, happily, another exercise in religiosity, but a tribute to Ernesto Nazareth, composer of a legion of delightful salon pieces. These have been brilliantly re-worked by Jose Miguel Wisnik, put in a mixer, re-shaped, and orchestrated with tremendous wit. The rhythm is that of the mazurka, best known in the 1920 but intoxicating

still. The dancers look handsome, amusing, alert. The dances, somewhat repetitive, keep then on the jolly hop and explore social and folk-movement attitudes very neatly. It is merry, if over-long, and the dancers (clearly well-trained) have tremendous fun embroidering samba steps and playing with the wonderful rhythms of the score. The setting, of 14 large fabric roses, excellently lit, is beautiful, and by Fernando Velloso. Hyde has been vanquished.

Clement Crisp

Sponsored by Banco do Brasil; Cultura Inglesa.

## Period plot proves a dramatic dinosaur

Ian Shuttleworth reviews the new production of Lonsdale's 'On Approval' by Peter Hall

Frederick Lonsdale, we are informed, was "amongst the most successful dramatists that ever lived." In commercial terms, this may be true: in the 1920s and 1930s his plays and musicals were almost guaranteed hits. As far as theatrical skill goes, however, the foregoing remark is a blatant apology for Peter Hall's pointless revival of Lonsdale's 1927 play *On Approval*.

Lonsdale found it inconceivable to create protagonists who were neither titled nor wealthy. Here we are presented with a shallow and selfish duke obliged to woo a picky heiress for her money, and a well-off widow, acerbic by nature, who invites her genteelly fawning suitor to her Scottish country house for a month to test his compatibility as a prospective spouse. It will spoil no-one's enjoyment to reveal that in such a (yawn) isolated location, the two amorous parties (yawn) discover the truth about their beloveds' temperaments, break off their affairs and resolve (yawn) to mend the duke and widow by yoking them to each other.

In other words, the plot runs on barely-electrified rails. Any delight must then derive either from the eloquence of the script or from the nature of this particular production. Unfortunately, Lonsdale relies entirely on a hopeful epigrammatic style for his humour, and more often than not it is numbingly apparent that a well-turned sentence and a polished delivery do not in themselves make an epigram. His rhetorical menu consists largely of fortune cookies which are stale, empty or both.

Hall lavishes far more attention on the play than it deserves (hell, a second consecutive reading is more than it deserves). As the script aims at Cowardian wit, it misses the bar by a good foot and a half, so the performances strive for period poise modulated only by period languor. As the unconcerned aristocratic booby, Martin Jarvis hits

the combination spot on, coolly forgiving his companions for bridling at his incessant inanities. Anna Carteret and Simon Ward likewise do commendable service as the widow Wisklack and the timidly besotted Richard. Only Louise Lombard fits awkwardly in the company, oddly for one whose popular success is rooted in the same period through her appearances in *The House of Eliot*. She shows herself an able and even captivating actress, but unwilling or unable to play the idiom as her comrades do. It is unusual to criticise an actor for not being arti-

ficial enough, but this is the case as regards Lombard's performance.

Above all, one wonders time and again why *On Approval* has been revived at all. The mere act of dramatic archaeology is not enough to merit respect or attention; the fragment unearthed must be of sufficient intrinsic interest. All that this production shows us is that theatrical dinosaurs once roamed the earth, and that.

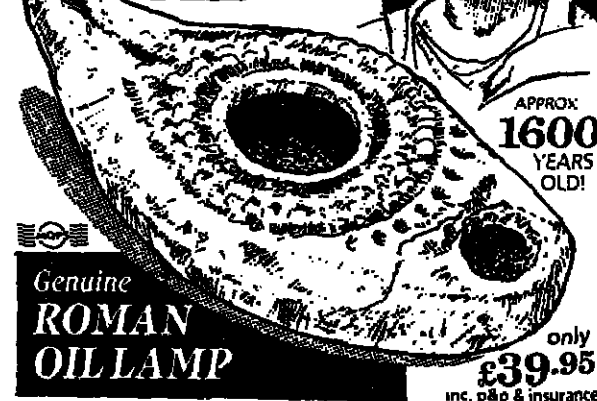
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Martin Jarvis and Simon Ward

Alastair Muir

## OWN SOMETHING from the 4th Century AD



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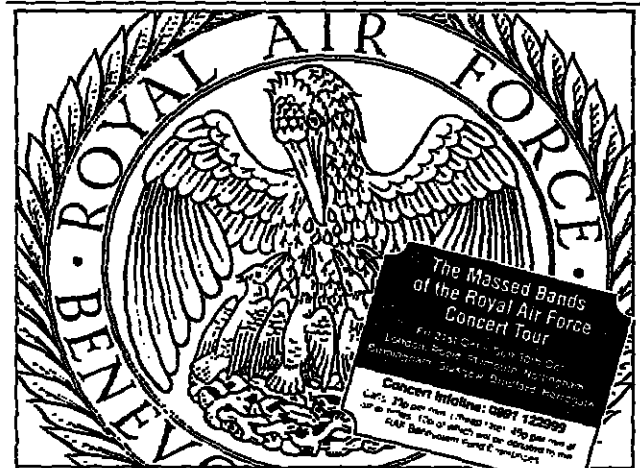
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If a publicist was required to use one and the same adjective on every film, which would he choose? Would it be one of the rabble-rousers like "Sexy," "Tortid" or "Violent"? Would it be a value judgment like "Brilliant" or "Unmissable"? Or would it be that word that answers every copywriter's prayer: "Controversial."

This epithet has everything. It hints at sex or violence, or something equally inflammatory; it suggests that you will be stirred, if not to outrage, at least to deep and reverberant thoughts.

But for controversy you need an arena. After years spent shuttling between private video parlour and public cinema, I realise that the main difference between the two venues is not big room versus small room; or viewer control versus passive spectacle; or even cheap versus expensive. The main difference is "contro-

versy". You get it in one release context, not in the other. Take this month's videos. They include *In the Name of the Father*, Jim Sheridan's film about the Guildford Four and the Brits in Ireland, with Daniel Day Lewis chewing the scenery as scapegoat-martyr Gerry Conlon; Claire Devers' *Noir Et Blanc*, an eerie French study of sado-masochism involving two bodybuilders who work out in all senses, on each's bodies; and *Philadelphia*, bringing together Aids, lawsuits and Oscar-winning Tom Hanks.

All these are worth (re-)viewing on the VCR. And all three were significant stirrers-up when they hit the big screen. But in the second-time-around world of video release

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## Video/Nigel Andrews On the wave of controversy

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and the fanfare-free intimacy of domestic viewing - what happens to their potential for controversy? Unlike a new TV programme, a *Cathy Come Home* or *Death On The Rock*, a "new" video will not set a hundred newspaper columnists alight. It did that before as a movie. And although statistically most people watching a film on video are seeing it for the first time, the public furor, if there was one, blew out months before.

So what does this do to the culture? In one sense it is no different than the book world's time-lag between hardcover exposure and mass circulation in paperback. Latest *Amis* or *Deighton*? Thank you: we will wait till the price halves.

But reading is a private activity: has been ever since Homer. Moviegoing is a group-friendly pastime, and video not only shrinks the group to three or two or one, it turns the viewing context into a low-tide littoral where the wave of debate broke and receded weeks or months before.

As a film critic I want to cry "Get out to those first-run cinemas, so you can catch the tide of controversy." As a video

critic, I have sympathy with those who want an easier, more inexpensive and flexible way to see films, and never mind the time lags.

Late or soon, I suspect, expanding domestic screens will meet the shrinking screens of the multiplex age, in a glorious hi-tech rapprochement, and the two-phase release system will be phased out altogether. In the meantime my advice is: bring the controversy into your own homes. Discuss the movies you see on video with your peer groups or family groups. Be your own Late Show, South Bank Show or Arena! The three films named above are made for debate and are impoverished without it.

Some movies, though, do exist happily in a one-to-one relationship with the viewer. This month you can shed an unruffled private tear over *Shadowlands* (CIC), telling of the cancer-stricken romance between C.S. Lewis (Anthony Hopkins) and his late American love Joy Gresham (Debra Winger). You can say farewell to Federico Fellini with his 1965 fantasia *Juliet Of The Spirits* (Fabulous Films), and with Gideon Bachman's entertaining bio-documentary *Ciao Federico!* (Composseur). And you can savour the much-praised charms of Tran Anh Hung's *The Scent Of Green Papaya* (Artificial Eye): a haunting French-Vietnamese film, shot like a moving still life, about love, loss and the lyricism of everyday domestic life.

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## FOOD AND DRINK

Wine/Jancis Robinson

## Portugal rings the changes

**L**ike most of my colleagues, I am sent an average of between one and two dozen unsolicited bottles of wine a week. To avoid any suggestion of payola, I could refuse them all, but anyone who thinks I can be bought with a selection of supermarket vins de pays (a typical consignment) is welcome to their misapprehension.

Ungraciously, we wine writers tend to take for granted these packages, the liquid equivalent of review copies to literary critics. Extremely few of them are positively welcomed in this household. I do try to taste the top centimetre of every bottle but stubbornly tend to drink wines I have chosen and bought myself.

On the other hand, only packages heralded by a call from an airport handling agent are cursed; we usually have to pay duty and sometimes storage charges for these.

I recently paid £40 and spent more than an hour unravelling a completely unmarked-for-consignment of wine from Argentina, each bottle swaddled in layer after layer of newspaper, cardboard and sellotape, cushioned by horribly clinging little polystyrene particles. Half

the bottles turned out to be duplicates, and it eventually transpired that their sender simply wanted to show me the redesigned labels.

The other day I thought I had found the wine bargain of all time. I opened a bottle of Portuguese red which had been sent to me out of the blue. Most bottles are accompanied by some sort of explanation, or more usually enology.

This one arrived clueless, except for the particularly downmarket-looking label carrying a theoretically second-rank denomination, Vinho Regio do Alentejo, a region in southern Portugal so far better known for cork and cereals than for wine.

I opened it early one evening, my usual tasting time, and did a double-take, scribbling deliciously "Very, very deep colour. Intense and exciting. Nerve and concentration in a Penfolds Grange sort of

way! Lovely and rich. American oak? Very, very ripe. Lots of tannins but masses of fruit too."

Grange is Australia's most lauded wine, the new 1989 vintage has just been offered by selected Oddbins stores for about £45 a bottle. This Portuguese wine, on the other hand, looked as though it should sell for £4.50 at most. Unusually, we savoured every mouthful from the mystery bottle with our supper.

Many a phone call later, I finally tracked down this marvellous liquid, called Mouchão after the small Anglo-Portuguese farm on which it is produced. It is made mainly from low-yielding Alicante Bouschet vines, not one of the vine world's most aristocratic members, with local Periquita and Moreto grapes.

The grapes are still trodden, in a relatively primitive winery that until recently had no electricity.

The wine is then apparently matured for five or more years in old oak casks, so before it is subjected to this generally enervating experience, it must be a truly incredible hulk.

*How a bottle from the blue became a favourite bargain red*

This recipe does not sound cheap, does it? In fact, in spite of the low rent label, it costs more than £10 - £10.95 from Wines of Oldham, Lancs; £11.99 from Sherston of St Albans, Herts; £14.99 from La Vigneronne of London SW7; and an as-yet-uncalculated price from Gambleys, of Nottingham.

Even at £14.99 it is a good buy for those who admire Grange, Spain's Vega Sicilia and Portugal's most famous "expensive" wine, Ferreira's Barca Velha (the 1985 is £24.99 from Oddbins).

There will be no Mouchão 1994; the entire production was destroyed by frost. Thanks to poor flowering and drought the whole Portuguese wine harvest will be short this year, which is a pity since Portugal has become one of the potentially most exciting sources of red wine value.

For long a lone Australian called Peter Bright kept sending us exciting smoke signals and keenly-priced bottles of essentially Portuguese wines. During the last year or two, however, he has been joined by increasing numbers of similarly skilled winemakers.

David Bayerstock, for example, is a refugee from port country and

was one of the first to realise that the Douro can also produce some stunning unfortified reds. He is now doing good things at Esporao in Alentejo (see Thresher/Wine Rack/Bottoms Up selections), funded by a well-heeled Portuguese businessman.

And an increasing number of co-operatives and estates can offer such keenly-priced, characterful red blends as Fátua 1993 (£2.99 Safeway) and Lexiria (around £2.50 from Kwiksavé, Oddbins, Somerset and Victoria Wine), both from Portugal's farming heartland Ribatejo.

Bright's brightest sparks, especially as far as British wine buyers were concerned, were his full, sweet and vibrant oaked Alentejo blend Tinta da Anfora and the oaky Cabernet Quinta da Bacalhoa from the Setúbal peninsula, but 1992 was the last vintage under his control.

The 1990 vintages of these two wines are currently available. Tinta da Anfora is £4.79 at Tesco, £4.95 at Waitrose and £4.99 at Safeway while Quinta da Bacalhoa is £5.99 from Sainsbury's and Majestic.

They should be snapped up now for they will continue to age over the next five years at least.

Bright has struck out on his own, allowing himself to become yet another flying winemaker, in another flying America and Sicily Iberia, South American and Sicily Iberia (notably making international vintages for Sainsbury's), rather than concentrating on bringing Portuguese flavours to a wider wine drinking public.

Shame - although look out for Bright Brothers wines from Bairrada, Ribatejo and Douro (the latter from Thresher).

Enthusiasts for Portugal's unique combination of ripe fruit and Atlantic influence will be able to continue, however, to follow vintages of Quinta da Camarate, whose 1989 (£4.89 at Victoria Wine) is showing particularly well now, being full-bodied, lively and packed with fruit, most of it inextricably Portuguese rather than "international".

## Sexual equality and the stockpot

Nicholas Lander reports on an association formed to promulgate Women Chefs and Restaurateurs

**T**he first, fondest and often longest-lasting memories of good food are often associated with women who cook. Perhaps mother's home-cooked lunches, grandmother's teatime baking treats or visits to the kitchen of that vanishing species, the domestic cook. In all cases the image is strong: women provide nourishing, comforting and satisfying food.

It is an image that the restaurant industry has failed to perpetuate. Virtually since restaurants came into existence kitchens have been organised on hierarchical lines with limited opportunities for women. It was often argued that women could not lift heavy stockpots and kitchen equipment and needed too much time off to raise families. (There were exceptions. Elizabeth David wrote poetically of the food prepared by Madame Barattero at the Hotel du Midi, Lamastre, and of the elegant and seemingly effortless cooking of La Mère Brazier, in Lyons.)

At last attitudes are changing. The number of women in the restaurant industry has been increasing steadily and America's leading women chefs and restaurateurs have formed an international association to promote their cause.

In San Francisco, I met two of the founders, Barbara Tropp, chef/proprietor of China Moon, and Joyce Goldstein, of Square One. Both run restaurants which are highly regarded and well-established.

The first point that Tropp and Goldstein wanted to emphasise was that the association was not an antagonistic one. They believe, having run busy, successful restaurants for more than a decade, that the

biggest problem the industry faces - staffing - cannot be overcome except by a concerted, more sympathetic, perhaps more intuitive approach.

The industry has been expanding rapidly. So how, when working under constant pressure in shifts incompatible with social and family life, can new staff be trained, encouraged and kept? Tropp and Goldstein think restaurants must make themselves more welcoming to young women and make chefs more aware of sexual equality.

As an example, Goldstein cited a chef she worked with closely. His cooking could not be faulted but his attitude towards female chefs of equal status was such that he upset the entire brigade, male and female.

While the association plans to foster better industrial relations and encourage new recruits it also has a hard commercial edge. On its board sit several women who have created their own culinary empires in the tough restaurant world: Barbara Lazaroff, who designed the Wolfgang Puck restaurants; Anne Rosenzweig, of Arcadia, New York and Elka Gilmore, chef/proprietor of Elka and Liberté in San Francisco.

Potential members on the opposite side of the Atlantic include: Ghislaine Arabian, a Michelin-starred chef at Ledoyen, Paris; Gunn Eriksen of the Altnaharra Inn, Scotland; and Sonya Kidney, who has made the Marsha Coast, in the Cotswolds so successful.

The association holds seminars to make prospective female chefs and restaurateurs more aware of the financial problems they will face. Both Goldstein and Tropp confessed to mistakes they hoped others would avoid.

"Next to the restaurant at Square

One," Goldstein explained, "we used to run a sandwich shop. It was busy all day, fun - everyone enjoyed it. Then after three years I sat down and analysed the figures. I realised that in spite of all the hard work, this shop made nothing. Not a cent. We closed it immediately and converted the area into a larger bar and a private dining area which is more profitable and provides a specific service to our customers."

The initial idea for forming the association came to Tropp in 1991 after she had been invited to join 11 other female chefs to cook at the Lincoln Centre, New York.

Although thrilled to be there she vowed that this would be the last time that female chefs would be treated as "frilly bloomers on a laundry line".

For Tropp, an invaluable insight into the economics of her business came when she was married. "I realised that my former working life - 12 hours a day, seven days a week - would not be compatible with a lasting marriage. At the time, my restaurant was open lunch and dinner and I decided that the only solution was to close for lunch. This led to a 50 per cent reduction in the payroll but, to my surprise, only a 20 per cent reduction in revenue. And, naturally, it has meant a much more relaxed chef."

Seminars have already borne fruit. In Austin, Texas, recently, 85 women gathered to hear a panel discussion on "Women, Motivation and Mentors in the Restaurant Industry". In the audience was a mother and her new baby. The mother, a former pastry chef, had thought of leaving the industry but, armed with information and support from the association, decided to open her own café - aided by her



Anne Rosenzweig

mother.

Given the international recognition that so many female chefs around the world have earned it is unlikely that future women chefs will be treated as a phenomenon. They are more likely to follow the example of George Lang, proprietor of Café des Artistes in Manhattan. Having resuscitated Gundel, Budapest's legendary restaurant, he has now renovated Bagolyvár (Owl's Castle) with Emma Tonne, who was taught to cook by her mother and grandmother, as chef and a staff of 25 women.

International Association of Women Chefs and Restaurateurs, Suite 305, 110 Sutter Street, San Francisco, California CA94104. Tel: 415-362 7336, fax: 415-362 7335.



Ghislaine Arabian



Sonya Kidney



Gunn Eriksen



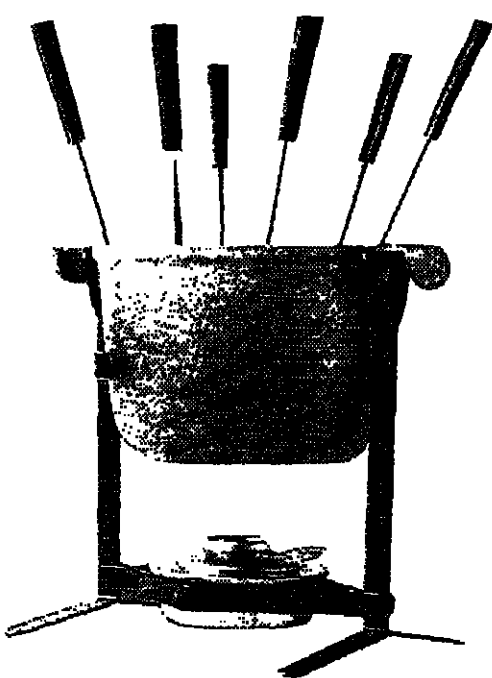
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## Perfect grains of eastern promise

Philippa Davenport takes a two-part look at rice and its status as a prized delicacy in Iran

**P**atna, basmati, arborio and Japan or pudding rice are known to most of us. Real rice enthusiasts may also be familiar with carmaroli, viadone nano, Thai fragrant and the red rice of Carmague. I doubt, though, that many have tucked into ambarboo, darbari or dom shah.

This last trio comes from Iran, a country where I had imagined rice to be a basic everyday food, on a par with the potato in England. Not so. Bread is Iran's starch staple. Rice is a prized delicacy, food for the rich, for special celebrations and for serving to guests.

"It has always been cherished as the most festive of foods. At No Rooz, the Iranian new year on March 21, it is eaten by even the very poorest. Indeed, this is often the only time of year when the villagers of the high central plateau will dine on rice." So I was told by Margaret Shaida, a journalist and historian born in Oxfordshire, who married an Iranian and lived in her husband's homeland for 25 years.

Shaida's interest in the food and cookery of Iran, gleaned at first from her in-laws and subsequently from her own considerable research, grew so passionate that she eventually wrote and published *The Legendary Cuisine of Persia*. A jewel of a book, rich in history and heady with aromatic perfumes, it won her a Glendish food book award and is shortly to be published in paperback.

Shaida told me how she had been inducted into the rituals of choosing and buying rice by her mother-in-law. At the end



of holidays spent in the relative cool of the Caspian coast, where most of Iran's rice is grown, the two women went to call on the family's rice merchant.

After initial formalities and refreshments, hands were dipped deep into sacks and the grain withdrawn was examined. A starchiness indicated age, she was taught. The grains gradually become drier, more dusty and brittle. The tapering points may break off. Rice remains good for up to two years after harvest, then it deteriorates.

Back at home her mother-in-law would test a batch from each sack to ascertain the

soaking and cooking times needed. Salt was added to the sacks to reduce the risk of attack from mice or weevils in storage, and broken grains were sifted out, their imperfection marking them down as suitable only for soup-making.

Practically all the rice grown in Iran is consumed there. Darbari, produced solely on the Shah's plantations, probably does not exist any more, says Shaida.

Ambarboo, the long pointed grains of which possess the fragrance of amber, is another exclusive estate-grown rice and very expensive. A little dom shah is occasionally exported. Snap it up if it is fresh, Shaida

advises. Otherwise, for Iranian cookery she recommends good basmati rice such as that sold under the Tilda label.

Perhaps it is precisely because rice is not a staple, but food for special occasions, that so much care is taken in Iran over choosing cooking and presenting it.

Most of us grab, unquestioningly, any old packet from the deli or supermarket shelf. And we tend to rely on the absorption cooking method, either dropping rice into double its volume of boiling liquid, or stirring in the liquid gradually for risotto or paella.

The Iranian way is more painstaking and involves several steps. The rice is washed and soaked at length in salted water. Then it is parboiled, drained gently, transferred to a well-oiled container and steamed to perfect tenderness.

There are two main forms of presentation. The rice may be served in a mound of free-flowing grains surrounded by pieces of tahdeeg (the crust from the bottom of the pan, regarded as the ultimate proof of a cook's ability to cook rice well).

Or the rice may be steamed not in a saucepan on top of the stove but in a mound in the oven. In this case it is baked until crusted with gold all over, then turned out for serving.

Iranian rice dishes are nearly always composite, in other words the grain is laced or layered with other ingredients. What is remarkable is that the individual character of each component remains distinct - each beautifully foiled by the other(s), not reduced to a

blurry blend. As befits festive food, finishing touches are sometimes extravagant: the rice may be garnished with jewel-bright fruits, choice nuts, saffron or spun sugar.

Shaida cooked one rice dish of each sort for me to sample. Both were exquisite, simultaneously simple and sophisticated.

First there was a mound of rice with lentils, a leaden sounding combination if ever I heard one. In practice it was delicate and lovely - a revelation. The lentils were judiciously few. Grey-green tinged with pink, scattered through the rice, they tasted meaty and peppery, while each grain of the white, fragrant rice tasted of itself.

The dish was decorated with a trickle of brilliant yellow saffron rice, a ladleful of the freshly steamed grain being stirred into a few spoonfuls of intense tincture of saffron. Quite different from European saffron rice dishes, in which the whole potful is irrevocably flavoured and stained with the spice, here the aroma and flavour of plain white and saffron grains could be enjoyed jointly and separately.

Side dishes included sticky dates and a bowl of fried onions unlike any I had ever eaten. They were the colour of mahogany, sweetly caramelised, rustling like autumn leaves and incredibly digestible.

Many variations on this splendid polow are given in Shaida's book including one made with almonds, pistachios and pinenuts, said to be a traditional favourite of pearl divers, and another rice with fresh herbs (three parts of herbs to four parts of rice) with which to celebrate spring.

The second dish Shaida cooked for me - an elegantly striped and moulded rice recipe - is equally delicious but since it is fairly lengthy I will give the details next week.

■ The Legendary Cuisine of Persia by Margaret Shaida is due to be published by Penguin (£12) on November 3.

■ A good selection of Iranian produce is available from Super Bahar, 349A Kensington High Street, London W8.

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## PERSPECTIVES

Dispatches: Dubrovnik

## A shaky convalescent patches up its wounds

How do cities return to life? After war, the threads of urban life are more easily knitted together than in scattered rural areas, but what of a city like Dubrovnik, long dependent on tourism and little else, stranded at the furthest finger-tip of Croatia?

Summing herself in a warm corner of south eastern Europe, Dubrovnik is a shaky convalescent uncertain of her prospects for full recovery. The Old City, a potent symbol of Dubrovnik, is an hermetic, self-absorbed place. Walled as securely as Aleppo, as other-worldly as Venice, its atmosphere is curiously febrile.

Late on a hot Saturday afternoon the sound of blaring horns approaches: Dubrovnik is traffic-free save for service vehicles. Expensive cars scream into the square by St Blaise's church. It is a wedding. People are dressed to the hilt, as expensive looking as the vehicles.

The whole event was theatre for anyone who cared to watch. Onlookers gasped at the sheer nerve of this gesture of defiance to the poverty of expectations. Dubrovnik is still pock-marked, several of its important buildings shored by scaffolding, but it has remained remarkably intact. Damage to roofs has been largely made good, the breach in the city walls healed. Walls blasted into the silky, cream-coloured limestone paving of the main street have been patched with grey concrete, but the gashes in the flights of steps up to the Jesuit church remain jagged reminders of outrage.

The Institute for Protection of Cultural Monuments, once happily disbursing an annual \$10m budget, now exists on a fraction of that sum. The staff of 18 take home one fifth of their former salaries.

Much of their work is in compiling

detailed evidence of the damaged villages in the countryside behind Dubrovnik.

The old city received 49 shells in its three-month bombardment, but only seven were primed to explode. Heroic tales include those of the Yugoslavian admiral who is in jail for refusing to attack Dubrovnik and the army general who fled to the city with his family rather than obey commands.

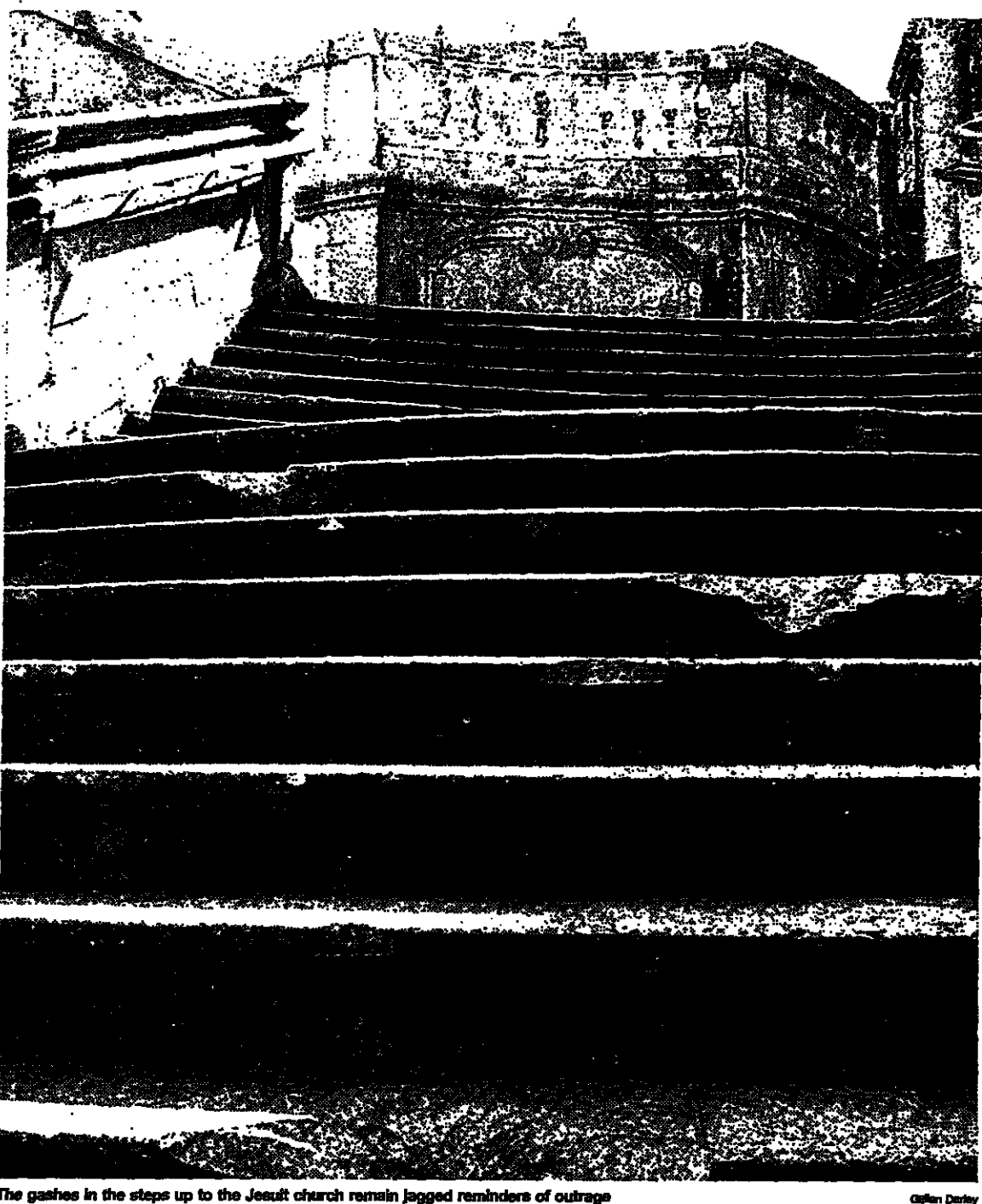
Piles of sandbags and stacked building materials are reminders that the repairs go on.

A young-faced, grey-haired woman in black and a teenage girl scurry to and fro down the lanes carrying roof tiles, which they pile on the steps. From the walls, you can see recently planted fruit trees and well-tended vegetable gardens, a city which has known siege, speedy learning, and remembers, old techniques of survival.

The women in the markets patiently wait to sell tiny heaps of grapes, figs and tomatoes. Men living in damaged tourist hotels while their villages are being revived, are bussed daily to the land from which much of the produce is brought. Women are being trained to make traditional embroidery and weaving for sale at home and abroad.

But it is said that life in the hotels is degenerating: drugs and prostitution are making inroads, fast movers beside the slow business of rebuilding. Along the main street in the old city, the cafes are busy, social centres where people effortlessly pass two hours of a morning. Pale, bemused-looking Spanish country boys - not tourists, but UN forces taking a day or two off duty - enjoy good coffee and gaze at the golden, careless Dalmatian teenagers.

Signs of the desperate shrinkage of tourism are everywhere. The single entrance to the walkway along the



The gashes in the steps up to the Jesuit church remain jagged reminders of outrage

Gillian Darley

city walls (reduced from three), the thin selection of souvenirs, the absence of guidebooks, and the solitude in which one visits the museums that remain open.

The multi-lingual signs for rooms to rent are rusting fast. Discourtesy of mood meets one at every turn in this city. Eight 12-year-old girls link arms and skip down a side street singing. Teenagers lounge outside a club, from which a cloud of disco music billows.

"Where are you from, why are you here?" a couple of elderly men ask me one afternoon. "A conference," I answer sheepishly.

"What use conferences?" one asks with justifiable cynicism. "Where do I come from?" he asks rhetorically. "I am Montenegrin, my wife is Croatian. My family has lived in Dubrovnik for 70 years. I sailed the world for 30 years. I could show my passport anywhere."

"Now, I belong nowhere, my son has no nationality. Where do we go from here?"

The citizens of Dubrovnik hover between peace and war, between devastation and rebuilding, waiting for answers, as the foreign delegates go home, through an airport which asks you to declare your weapons before boarding the aircraft.

Gillian Darley

## Lonely seas and the sky

Charles Batchelor samples life aboard a coastal tanker

It is a calm evening and

*Agility*, a small coastal

tanker, is barely a mile

out of the shelter of Mil-

ford Haven. Out of the lee of

the land, the bow dips sud-

denly into the waves and the

deck of the 3,100 tonne vessel

is awash.

*Agility* is far too neat a ship

to be compared with that

"dirty British coaster with a

salt-caked smoke stack". But

John Massfield's poem comes

to mind as we butt into the

rising Atlantic swell off the

south-west coast of Wales.

*Agility* is one of a fleet of 28

coasters - tankers and dry

bulk carriers - owned or man-

aged by family shipping com-

pany T. Everard & Sons.

It normally carries oil car-

goes up and down the east

coast of England but for the

past week or so she has been

brought over to the west coast

of Wales because her sister

ship, *Alacrity*, is laid up for

repairs.

Tying up in Milford Haven at

5.30am on a Monday morning

Captain Keith Reading had

hoped to start loading his

cargo of 1,700 tonnes of gas oil

and kerosene immediately.

But a fault with the pump

which injects a liquid dye into

the kerosene - required by

Customs & Excise to show the

product is dye-free - has

delayed the start of operations.

In the old days a Customs

officer would have poured a

bucket of the dye into the tank

and relied on the motion of the

ship to mix it in. But the

requirements are now much

stiffer and the pump must be

repaired.

It is not until 11.30am that

loading can start. The whole of

a sunlit day then passes with

the first mate tending his

pumps and checking a bank of

dials to ensure that all goes

according to plan.

Twenty years ago a vessel the size of *Alacrity* would have had a crew of 15. But intense competition in the shipping industry has forced owners to reduce manning levels, employ foreign crews and register their vessels with flags of convenience. Captain Reading has just seven men under his command though Everard ships still employ British crews and fly the red ensign.

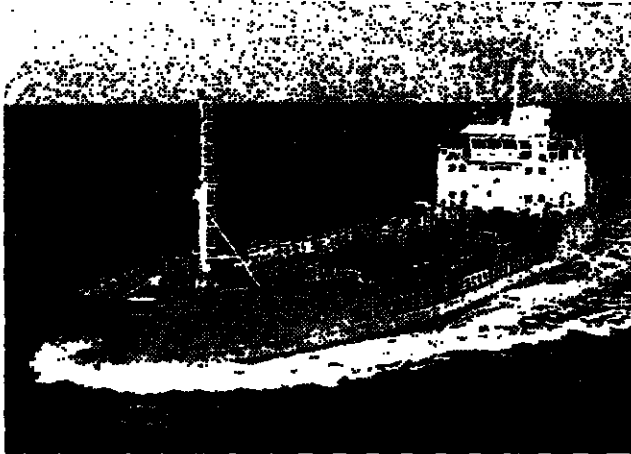
With luxuries such as stewards and galley boys ancient history, deck duties have to be shared and juggling the watches is a constant problem. But the smallness of the crew makes for greater informality and the officers and crew now meet together.

Across the bay, the town of Milford Haven is visible. But tankers are not welcome close to other human activities in most ports and *Agility* is moored at the end of a half-mile long jetty.

"It's a lonely life," says Reading. "We don't get off a great deal." Any idea that the entire crew spends nights out carousing on the town is soon dispelled.

Ports such as Ipswich and Poole, where even oil tankers can tie up close to the town, are a welcome relief from bleaker oil terminals, such as Teessport or Peterhead, where a convivial evening out can be a £12 taxi ride away.

The isolation of the crews from conventional shore life is increased by the pattern of their tours of duty. Everard



'Agility', one of a family-run fleet of 28 coasters

crews spend 10 weeks on and

five weeks off.

"It doesn't get any better with time," says Reading. At 47, who has a wife and two children at home in Epsom, Surrey, "It takes longer to get into home life and it is more difficult to leave at the end. It's an anti-social existence."

So why do people go to sea? Reading says his father put him down for sea training school and it seemed natural to join the merchant navy.

He obtained his master's ticket at the early age of 26 and went on to work for many of the well-known names of British shipping, such as Rowbotham and North British Shipping. "I was a master very young, earning a lot of money," says Reading. "It has given me a reasonable life style."

Reading has spent nearly a quarter of a century at sea but 20-year-old Nigel McKintyre, the trainee on *Agility*, is at the start of his career. McKintyre has spent the past two years at sea and in February takes the exams which, he hopes, will gain him his second mate's ticket.

He, too, compares favourably the money he can earn at sea with what he could get ashore. McKintyre says he is happy to work on coasters and is not attracted to deep sea routes. But the lure of exotic destinations is often a cause of rapid crew turnover on the coastal trades. "I keep losing second mates, mostly for the deep sea," says Reading.

On this trip, *Agility's* destination is Belfast, a steady 20 hours sailing at a speed of 11½ knots (13mph). As darkness

falls, the ship's radar picks up several ships heading into Milford Haven.

Built in 1980 at the Lowestoft yard of Richards (Shipbuilders), *Agility* has self-steering gear which takes account of currents and the wind and means that much of the voyage can be completed on an automatic setting. Captain Reading makes adjustments to the course by means of a hand-held device no larger than the remote control handset you use to change channels on a TV set. The closest *Agility* comes to a traditional ships "wheel" is a small metal fold-away helm which can be used in emergencies.

Reading settles down to the first watch which will take the *Agility* round the south-west tip of Wales and up into the calmer waters of the Irish Sea. The regular noises of the sea and ship's engines are broken every few minutes by the warning tone of the "dead man's handle". This will sound an alarm in the crew's quarters if the helmsman does not respond by pressing a button.

First light reveals a calm sea and a low-lying mist which soon burns off. The tomato plants which Captain Reading is growing on his bridge appear set to enjoy another day in the sun. *Agility* is out of sight of land but away to the east is Anglesey while to the west are the Wicklow Mountains.

At quiet times like this there is usually at least one member of the crew engaged in the per-

manent task of painting the vessel. The corrosive effects of the sea and the wind can only be combated by constant activity with the paint brush.

The breaks in the crew's duties are filled with television, videos and reading. The port agent is their regular source of contact with land, bringing on mail and the day's newspapers. The men spend their spare time either in the small dining cum recreation room or in their surprisingly roomy cabins.

As *Agility* steams north she threads between fleets of fishing vessels while her bows provide a resting place for the occasional passing seagull. Away to port the Irish coastline emerges from the haze and as the afternoon wears on we near our destination.

As we head into Belfast Lough, Reading radios for a pilot to come on board. Masters can gain "exemptions", meaning they can dispense with a pilot, saving fees of £1,000 and more, when they are regular visitors to a port. Reading has kept up his exemption for Milford Haven but it has lapsed for Belfast.

As we enter the line of buoys leading into the harbour the pilot cutter rushes up and the pilot steps aboard. Under his guidance we continue down the dredged channel, squeezing past a grimy Polish tanker 10 times our size.

It is 5pm by the time we finally tie up at the small oil terminal and the main engine is switched off. The first mate assembles the crew and a cluster of shore hands to start pumping our cargo ashore. A steady 12 hours work lies ahead before *Agility's* tanks have been pumped dry and cleaned. By morning she will be ready to set sail again.

Fishing

## Hampshire pilgrimage

"All the way to Canterbury," the lady with the lurcher shouted across the river, as the dog pursued some scent through the undergrowth.

Unwittingly I was on the Pilgrims' Way. And from every shire in England, to Canterbury they used to wend. Of course, Chaucer's pilgrims journeyed from Southwark rather than beside the Itchen, just beyond Winchester's city walls.

My own quest was of a rather different, less spiritual nature. So, having strolled a little way through the water meadows which lie upstream from where King Alfred's remains were laid to rest in Hyde Abbey, I cut north from the Pilgrims' Way, and bid farewell to the Itchen.

I missed the little church of St Swythun at Headbarn Worthing, and found myself on a lane, with the A34 to Newbury a field away to keep me company.

Left to itself, this part of Hampshire - with its open slopes and unremarkable inclines - must always have been a trifle dull. The activities of the road builders have wrecked it utterly. Between them, half a dozen mighty highways have sliced the landscape into noise-ravaged segments. I hurried on.

My plan was to commune with rivers, my immediate intention to reach Longparish on the Test for a leisurely lunch. But I was some way short when my stomach told me it was time to eat, and the map told me that, among Barton Stacey's straggles of thatched, timbered cottages was a pub. And so there was, The Swan, and it was shut.

I pressed on, and a little way beyond Barton Stacey crossed a tributary of the Test called the Dever, which I had heard of but never seen.

Lovely it was, small, crystal-clear, bursting with weed, a fine haven for trout. There was a sign by the bridge proclaiming that the fishing was in the hands of the Ministry of Defence. Enviously, I pictured the generals and colonels, fly rods in their hands. Just beyond the stream is Dever Springs, a still water open to all ranks, which is stocked with enormous rainbow trout. It was creled by fishermen in baseball caps, battling with a gusty wind.

Hungry, I came to a signpost which said Longparish one mile. I lengthened my stride, covered a good half mile, then came to another signpost which said the same as the previous one.

I trudged on, rehearsing sarcastic observations to Hampshire county council's signpost department. But when I came to the Test, a noted disputation, I realised that the water was temptation itself, and that the village was as pretty as you could wish. What I needed, however, was a pub. And there, on the Andover road, it was. The Plough, fondly remembered.

A crab salad and three points of Boddingtons later, I could appreciate Longparish. I could well understand how Colonel Peter Hawker - the early 19th century author of *Instructions to Young Sportsmen* and a prodigious slayer of Test trout - should have so loved it.

I lingered in the bar, beneath a faded photograph of the England cricket team, led by W.G. Grace, which faced Australia in 1884. With the afternoon now advanced, I followed what had been the Stockbridge to Whitcomb branch line of the Great Western Railway, now a dark, bramble-infested trench.

It brought me, with a diversion or two, to the tiny Bourne, which Harry Plunkett Greene celebrated in his *Where The Bright Waters Meet*.

I passed over the bridge and spied a big trout which sped off towards the creeper-clad

church at Hurstbourne Priors. Then I did what no true walker should do. I thumbed a lift, and blessed the man in the red Sierra who hastened me through St Mary Bourne and Hurstbourne Tarrant.

I regret having missed the two villages, and particularly being able to check whether Cobbet's initials are still carved into the gatepost outside Mr Blount's farmhouse by the bridge in Hurstbourne Tarrant. But the alternative - for I had sadly misjudged either the distance or my own speed - was to arrive at my night's destination in the dark.

As it was, no more than a gentle stroll took me up the hill from the valley of the Bourne, past a pair of old painted gipsy wagons, through a poppy-strewn meadow, and up a path which cut through gloomy Fawcett Wood. By seven I was in the pub in Fawcett, drinking more beer, and considering my blisters.

I was high in the downs of north Hampshire and, in the morning, I limped higher still, before descending a great, green, tree-thick bowl to the tiny hamlet of Combe. Almost a century ago, that superb writer and naturalist, W.H. Hudson, bicycled this



way, was given lunch by the person, and was shown the little church.

The person told Hudson that a visitor from London, who had come intending to stay a while, had found the silence so oppressive that he had fled back to the city. That quality of silence remains, even though the church - ever open in Hudson's day - is now locked. There was no sound, no movement, as I took the steep road to the great, smooth, grassed ridge from which may be obtained one of the great views of southern England; and on which stands one of its more curious landmarks, Combe Gibbet.

Hudson tells the grim tale of a widow of Combe with two sons, and a lover from the far side of the ridge; how he, in his passion, murdered his wife by thrusting her into a hornets' nest; how the lovers were found out, and executed before a crowd at this windswept spot on a galloway carefully placed on the boundary between Combe and Inkpen, for there was a dispute between the parishes as to who should pay.

A successor to that old gibbet still stands atop the ridge, gaunt and sinister; though with no indication as to what it is doing there. The vista is astonishing: to the south, a sweep of hill and dell, with Winchester and the sea beyond; the north a great flat plain, with the Savernake Forest to the left, and Newbury to the right.

All this I saw, then - having misread my map - made a precipitous descent into Inkpen, largely on my bottom.

Revised by a brief stop at The Swan - an open Swan, thank goodness - I hurried across the flat fields towards Kintbury. At Kintbury I found my last river, the Kennet.

I watched a man cast ineptly for a trout. Then, outside the pub by the canal, I saw tiny fry burst from the surface as a pike went after its evening meal. It was dusk when the train came to take me back to the noisy world.

Tom Fort

As They Say in Europe/James Morgan

## Save some headline space for au pairs

A headline in the Swiss German weekly *Die Weltwoche* the other day read: "Switzerland is an invention of radicalism." This view is not held widely, but it turns out that modern Switzerland owes much to its Radical-Democratic party. (So interesting was this story that it was reproduced in French-language papers as well.)

In fact, the party has just celebrated the 100th anniversary of its founding. While outsiders fail to recognise this grouping as the power-house of Swiss politics - it has been in government for 50 years, thanks to its rigorous rejection of radicalism and internal democracy - *Weltwoche* marked the centenary by interviewing Urs Altermatt who is, in fact, a historian rather than a ski resort.

The first question conveys the unique nature of Swiss political discourse: "Does not the Radical-Democratic party pretend, no doubt for reasons of coquetry, to be younger than it really is?" Suddenly, the foreign reader is floundering in an exotic, even incomprehensible, political landscape. How do the lush fronds of political seduction blossom in alpine valleys?

This lengthy introduction is necessary so as not to deter those who may fear that this year's trip through the columns of the *Neue Zürcher Zeitung* will be as dull as they

believe Switzerland to be. (A reputation promoted sedulously by the French and, even more so, by the British.)

It is believed widely in the country that the NZZ once ran a piece headlined: "One hundred years of the electric light in Switzerland" as a lead story - although this could not happen because the paper never runs Swiss stories on its front page, except for referendum results. It was, in fact, the top news feature on the paper's domestic pages.

Lead stories in the *Neue Zürcher* are, therefore, unpredictable. Last weekend, most of

the front page consisted of a piece entitled, "Great Britain - European and global." It opened with the words: "Without Germany and France, European union is unthinkable," and ended with: "European union in a deeper sense is today unthinkable without the critical, intensive participation of the UK in Brussels."

The conclusion was that Britain served even the smaller nations thanks to its outward-looking policies. This commitment, argued with a wealth of detail and backed by a fund of knowledge, is based partly on the observation that the Brit-

ish civil service is "schooled in a global dimension."

After the re-opening of the Euro-split at the Tory party's annual conference in Bournemouth this week, the NZZ's view gains an added significance.

True sceptics, such as Norman Lamont, the former chancellor of the exchequer, can hope to wreck any chance of European unity by promoting a British withdrawal. It is a long time since the cry "they can't do it without us" has echoed through Whitehall.

Turning the page of the *Neue Zürcher*, you find two columns

on the Labour party conference, which had just ended. It was another interesting piece about what might be deemed a sort of British achievement: Tony Blair's campaign to turn Labour into a modern party in a way that its last leader, John Smith, never imagined. It ended with a warning to Blair: "He has only to protect himself against being mistaken for a Tory."

Working through the paper, you come across a memoir of the day 50 years earlier "when the second world war came to Basle". The allies had bombed some sludges on the Rhine and

threatened the Swiss town with flooding. There was also an article headlined, intriguingly: "Are the people to blame for everything?" That was about the crisis of confidence in politics and the system.

The domestic news was dominated by a whole page devoted to the problems faced by *au pairs* girls in Switzerland. One had never assumed there were such beings, for they must represent a coals-to-Newcastle situation. It turns out there are thousands from Scandinavia and France who go to the country to learn German.

Still, the existence of wide-

spread homesickness among the *au pairs* sorority has led to the formation of a club that sounds irresistibly attractive - the Swiss Association of Girl-friends of Young Girls.

This might provide the answer to Groucho Marx's prayer, for such a club would have to reject anyone who really wanted to join. Apart from *au pairs*.

Switzerland might not actually be a product of radicalism but it is different. A couple of weeks ago, I listened to a conversation between a colleague who had once worked in Berne and a leading Swiss journalist. Both insisted, to my incredulity, that Switzerland can be a marvellously interesting country full of interesting people. I begin to see what they mean. James Morgan is economics correspondent of the BBC World Service.



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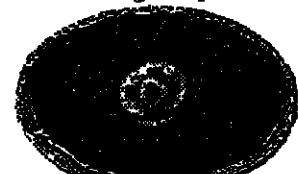
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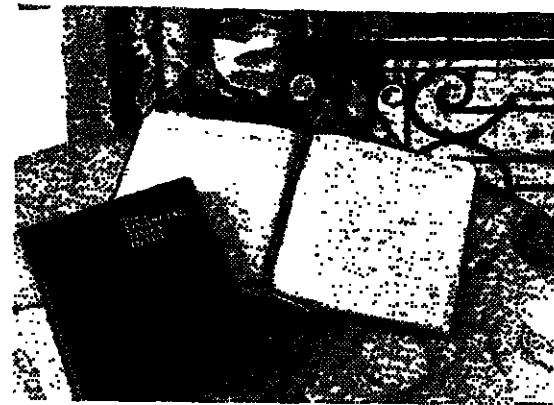
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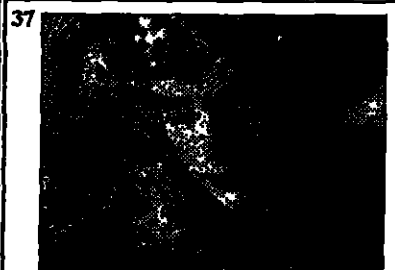
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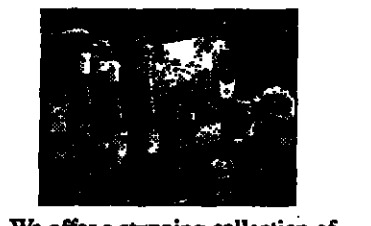
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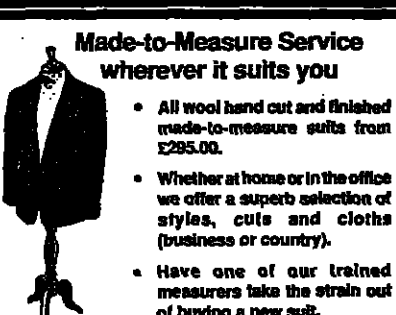
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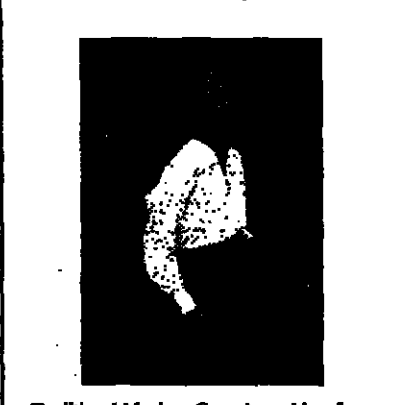
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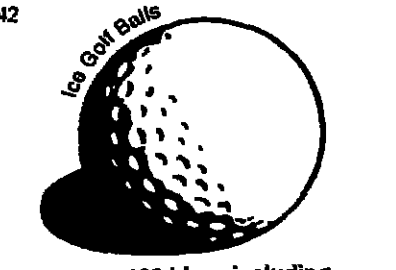
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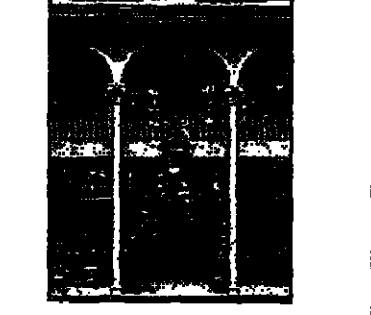
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## FASHION

# High street winners

Lucia van der Post considers her options for the coming winter

It is a tiring time for fashion victims and for all those who are even now seriously considering their sartorial options. Decisions, decisions.  
Should one be a glamour-babe, teetering about in high-heels, with blonde peroxide locks and hand-spun waist? Or what about a more cutesy look - Laura Ashley meets Lolita, all floral sprigs and little puffed sleeves?  
Bella Freud did such a nice line and a fabulous jacket would only set one back about £360.

If, on the other hand, you prefer something more exclusive, then Versace is probably your man. He showed some darling little satin shorts and teamed them with bra-tops and maribou-trimmed mules. At roughly £2,000 a throw you should not have much competition round your way.

Me, I've given up. I am tired of extortionate prices, of a world where "it's quite cheap, really - only £500" comes to seem nearly normal and where fashion victims will queue (in the cold) for two hours for the privilege of parting with well over £100 for one particular pair of shoes. I'm heading for the high street.

This is the year when the high street has truly come of age. We all know about Marks and Spencer (even as I write I am sitting in its £30 charcoal grey mini-kilt teamed with ribbed grey tights that almost every fashion editor in town has bought and at least one of whom wears it with a Chanel jacket).

But this winter is a vintage M&S season. The rush is on for the soft and easy cashmere and wool blazer with the hand-stitching round the collar (£36 in navy, black, sagegreen, olive green or camel) and the young are snapping up its A-line skirts at £20 a time and, for after dark, short, chenille tunics at £40.

But M&S is not the only success on the high street. Newcomers to Dorothy Perkins and Principles, those who have never walked through their doors let alone been seen clutching one of their tell-tale carrier bags, should put their



Brown herringbone jacket, £85, cropped waist, £40 and trousers £50, all in 98 per cent wool/4 per cent nylon, from Principles Petticoat collection (sizes from 6-14) this winter.

snobbisms to one side and take a proper look.

At Dorothy Perkins great efforts have gone into zipping up the ranges and many a sober suit could be given new life with accessories from its collection. A silver velvet scarf, for instance, at just £9.99 slung around a jacket would add a bit of evening dash. There are up-to-the-minute pleated skirts at £20 a time, a fabulous stone micro-fibre quilted parka for just £49.99 and nubby cardigans at prices ranging from £25

to £45.

At Principles there is a great black jacket, slightly waisted with a small kick-pleat at the back, for just £135 (bought by at least one of the fashionable young public relations girls around town), as well as a wonderful black three-quarter length coat for £145 and plenty of the currently fashionable slightly mannish suits to choose from.

The trick is to take plenty of time. Be prepared to sift through things carefully and

there, lurking on the rails, are plenty of bargains to be found.

One last thing - if you are worrying about what to wear after dark, it's quite simple really.

At last week's British Fashion Awards dinner in the Natural History Museum, what were the fashion crowd wearing? What was the choice of the people who have access to discounts and special deals, and who survey the cream of the designers' offerings? Black, black and yet more black.

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## FASHION

## Me and My Wardrobe A warrior shows off her armour

Jane Mulvagh meets Steve Shirley

**R**emember "Power Dressing" as depicted by the glossy magazines? A slip of a girl in a shocking pink suit - all legs and heels - playing the corporate game. By the 1980s strident was out and the silhouette collapsed under the weight of recession and white-collar unemployment. So, was the Power Suit just a fashionable carapace to be shed as easily?

Not for Steve Shirley. It is armour and she has been fighting behind it for 40 years, decades before the sobriquet "Career Woman" was born. Donned for survival rather than fashion, her shell is as integral a part of her being as an armadillo's.

"I have contributed to the substantial world, not the fantasy world," she insists. "This is the trouble with fashion magazines: all they are concerned with is fantasy."

Steve Shirley has not softened one iota in spite of her success - she founded FI Group, a publicly quoted company which now has a \$40m turnover; she has been awarded an OBE and countless honorary degrees; and is Master of The Worshipful Company of Information Technologists.

Vera Stephanie Shirley (née Buchthal) arrived in Britain in 1939, a five-year-old Jewish refugee and orphan accompanied only by her sister. At 18 she got a job as a science assistant in the civil service.

She got by on a pittance, taking night classes in maths. There were so few women in the lower clerical ranks that she learnt to dress to blend in. "I was more concerned to hide my poverty than my femininity," she says. She had two skirts, grey and black, and two tops in dark colours that could be washed overnight. White was impractical as it showed the wear and tear.

By the age of 23 she had a maths degree, by 26 a husband and by 27, a graduate position. On up the ladder and middle management ranks required another skin - invisibility was replaced by transsexual disguise. "I took advice from a senior woman who warned me, 'Do not forget, you are there as an honorary man, so dress accordingly!'"

Adopting the name Steve, she wore grey flannel suits, pin-tucked shirts, black velvet ties and flat sensible shoes to secure her footing on the next rung. "Covering up... that is important in business," she

believes.

The man's name, the suit, will power and ability earned her credibility and by 1962 she had founded the FI computer software company. Could she decorate herself now? "No - fashion was way, way, away. It was a question of clothing," she retorts.

Gradually, the conformity of the grey suit was replaced by the markings of a lone predator and a leader. Like a traditional soldier, she wore the bravado hues of boardroom battle.

Colour was a weapon. She talks of reds with "impact", "powerful" blues, "strong" purples, "sharp" greens and "my favourite yellow... the Jewish colour of the stars worn in the ghettos... I am visually literate, that is certainly true, and I appreciate colour."

"I did Lüscher's personality profile test - you choose the colours you prefer. Mine were extreme - vibrant reds and oranges. It clearly showed that I had drive and the clashing choices proved that I had the ability to cope with problems and change. I need the stress."

"My husband thought I ought to dress better when I went into the office - not just when I went out selling - to assert my station."

Wishing to conform to the emerging dress codes of women in the boardroom, she sought professional advice. Nothing was left to chance.

Launching herself into the public domain, she was invited to make speeches. And at 61 that public image persists and is being polished every day.

Methodically she researches every detail: she asks what colour backdrop she will be speaking against and wears the right colours for maximum impact. With them, she wears white training shoes, to avoid making a noise when mounting the rostrum.

"Remember - a dozen people see you for each person you speak to. So dress to be noticed."

After 25 years as chairman and chief executive, she ceded control of the FI Group to her workforce. Not wishing to challenge her nominated successor's authority, clothes were used to signal non-threatening support. "For the first year I wore softer dresses, but then I went back to suits. I did not want people to think that I had retired."

The lessons learnt, she now wishes to pass them on. "All things being equal, I would always appoint a woman," she says, insisting that positive discrimination is her right, as without her the company would not exist.

In the city: a Claude Patrick black and white checked suit with sparkling lurex thread and black lace bodice detail, worn with matching black lace court shoes from Pinet.

She dispatches subordinates to be sharpened up sartorially, she gives younger "sisters" a leg up the corporate ladder. "To move into senior management and a leadership role I tell them that they must raise their energy level with exercise, and dress more like a leader. You will not get that promotion unless you dress for the next stage up. You may have sterling qualities but you will not have that punch. Clothes simulate it."

She recommends classic, non-sexual, tailored clothes, no trousers, no frills, and nothing "pseudo". By this she means costume jewellery, for example. It is important to proclaim financial success, especially in the US.

Shirley is acquisitive about antique jewellery. "I lost everything and I want my jewellery to look as though it is an heirloom."

Does she enjoy clothes? "Er... yes. That sense of knowing you are wearing expensive stuff. To a refugee who has been really poor that is important, really important. I will probably never get over the fact that my mother collected candle ends."

With a touching and melancholy frankness she went further: "I have a profoundly handicapped child. While he was still at home everything we had was smashed, and my clothes were something that could not get broken."

We pass through her austere abode up to her treasure trove. Three wardrobes stuffed with row upon row of neat plastic bags, all colour-coded and sheltering her triumphant suits - perhaps 100 or more. One senses that she longs to indulge after a lifetime's struggle; to soften up. But even at home she wears a suit.

Does she like sexy clothes? "A friend of mine was a consultant for Zandra Rhodes. I tried on a dress and felt very, very sexy but immediately I knew it wasn't me. I am not sentimental or illogical about clothes. But power is quite an aphrodisiac. I get propositioned much more than I would expect at my age."

Shirley is still in the thick of the fray, fighting not only for herself but for others now - for the disabled, for women students and entrepreneurs, for equality. When you have been a warrior all your life, it is hard to put aside your armour.

Shirley is still in the thick of the fray, fighting not only for herself but for others now - for the disabled, for women students and entrepreneurs, for equality. When you have been a warrior all your life, it is hard to put aside your armour.

Picture: Lydia van der Meer



Chain of office: Steve Shirley as master of the Worshipful Company of Information Technologists, wearing blue, parrot-green and yellow (the livery colours) raw silk top and skirt made-to-measure by Jayne Couture.



At the office: a sugar-pink Marie Claire suit with gilt studs

## Catwalks

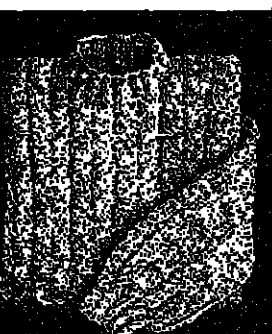
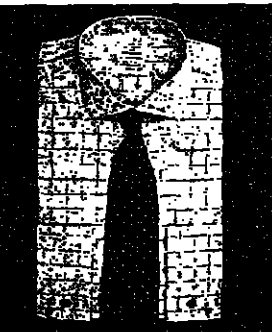
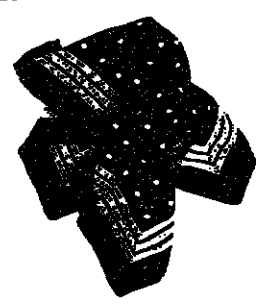
Designers line up like



Christina Melgara of Gucci in a very shiny grey cashmere cardigan and short grey pinstriped wrap skirt and black patent loafers, all by Gucci.



Nadja Auermann - platinum blonde and slinky seductive in a Versace design for next summer



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## FASHION

# of Milan inspire the Italian extremes

opposing armies behind the twin kings, Versace and Armani. Avril Groom went to view the results of these creative clashes

**T**he Italians have a word for it. Bravura is the exact description for their attitude to fashion. There are two utterly opposite versions of Italian style but the adherents of each have equal panache.

On the streets of Milan, style is as brash as the city's image. The must-have accessories are a mobile telephone, a clutch of designer carrier bags and a gilt complex, new-money symbols in a country where mass prosperity arrived less than 30 years ago.

But, as hidden and subtle as the private courtyard gardens behind the blank walls of the city's palazzos, there is also Milan's minimalist tendency. Its followers - women whose attitudes have evolved beyond straightforward showiness - are totally immune to the blandishments of even the most gorgeous accessory and go about, apparently bare-faced and tousle-haired, yet still looking wonderful.

Perhaps both extremes are inspired by the Milan catwalks where the division in style is glaringly obvious as the designers line up like opposing armies behind the twin kings, Versace and Armani.

Although everyone has apparently been watching retro films such as *La Dolce Vita* and the re-runs celebrating Bardot's 60th birthday, the resulting images are diametrically opposed. The lingerie-revealing or tightly-swathed woman at Dolce e Gabbana, Blumarine, Genny and Krizia is the wicked counterpart of the ingenue in her unadorned knee-length dress or belted suit at Prada, Alberta Ferretti, Jil Sander, Industria or even Gucci.

There are some common links. The longer skirt, hovering somewhere around the knee, is a fashion reality, as is the skinny-cut, glam-rock trouser suit in a shiny fabric. Both are surfacing in the other fashion capitals as firm pointers for next spring.

Sometimes the images blur. Versace proved that when he puts aside gilt frippery and takes out his cutting scissors the results are drop-dead glamorous rather than vulgar. While he lowered some of his skirts, Armani raised his, with wrap-fronted organza shorts and discreetly beaded net tops overtly and uncharacteristically sexy.

Instead of these shows inspiring the woman, the reverse is true. Milanese designers aim to put clothes on bodies rather than roll back the frontiers of fashion thinking. So absorbed is the Italian woman in fashion that the home market accounts for a large proportion of an industry worth £35bn.

She is also a voracious consumer of imported fashion - international names jostle for space in high-profile streets such as the Via della Spiga and Corso Vittorio Emanuele - and home-grown designers need to stay ahead of the game.

So their designs have undoubted feminine appeal, either to the independent woman for whom quality and feel is as important as adornment, or to those who like to capitalise on their curves - and in a city where fishnet tights and lace bodies are the current fads for normal office wear, there is no shortage of those.

With these raw materials the best-dressed Italian women achieve striking results. They do it partly by spending power. "Young women spend hugely on themselves," says Laura Harris, an English 20-something working in Milan as con-

sultant fashion co-ordinator for Blumarine. "Their priorities are holidays, clothes, beauty, exercise classes and, later, plastic surgery. It's easy to look good if you shop at Armani. Most Englishwomen try to look stylish on Marks and Spencer."

She finds Italian style tasteful but safe, lacking in individuality. Designer Alberta Ferretti, acknowledged mistress of the little dress, agrees. "We can learn from British eccentricity, that willingness to try something unexpected," she says. When the British try, it too often looks eccentric, but when the Italians try, it seems tastefully individual.

Ferretti thinks this has to do with simplicity. On the day we met, simplicity for her was a pair of old diamond drop earrings, worn with a plain black tunic dress of cobwebby knit and chiffon. Italian bravura again, where the British would tend to overload.

Other examples we saw included a grey trouser suit worn with soft suede burgundy loafers, the unadorned trousers and jacket worn by Jil Sander

that showed off her magnificent chronograph, and bold colour-schemes such as the black velvet shift which jeweller Angela Pintaldi picked up in New York as a vehicle for her heavy swag of amber beads, soft orange velvet bag and deep crimson velvet headband.

Constructing such an artfully simple look takes time. "We have the choice of many accessory and shoe firms, from factories to single artisans," says Ferretti.

Italy now has one of the world's lowest birthrates, so bambini create few obstacles in the search for style.

"We always take time for our own personalities," says actress Claudia Cardinale, unofficial ambassador for Armani. "Looking good is part of it. The secret is to buy the best, simple clothes so your individuality shines through. I gave up wearing jewellery during the day two years ago. It is not modern and detracts from me as a person. But hair is important. I like small, neat hair - if it is not looking good I wear a crochet cap, which is practical and individual."

She was talking, resplendent in diamond earrings, at Armani's 20-year celebration in his newly-acquired 18th-century Palazzo Orsini. Next morning there was not a jewel in sight, just plain beige Armani which, she explained, she could put with everything from jeans and sweater to a bra and chiffon evening skirt.

For older women this meticulousness means full make-up and hair-do at all times. Giorgio Guidotti, of MaxMara, says his mother would not even answer the door unless her toilette was complete. Fiamma Ferragamo, whose family firm's clothes and shoes, just on the sexy side of safe, are so successful that they have recently overtaken Gucci's turnover, says that even for the less wealthy a budget for hairdresser and beauty salon is normal.

If you are rich, the experts come to you. Wanda Galtruccio, a member of one of Italy's leading textile industry families and a mature Versace client, goes only to the hairdresser. All her other treatments are devised at home by her personal beautician.

Tiny and lively, she is a perfect example of bravura. Far from believing that Versace's mini-skirted suits are only for



Claudia Cardinale in a beige wool and viscose suit, and a darker beige and cream striped linen shirt, both by Armani.



Angela Pintaldi, jewellery designer, in a black velvet shift and cape bought in New York, and her own amber beads and earrings, and a crimson headband.

the young she feels they "exalt my personality" and happily wears beaded jackets with jeans. She sparkles in pale pink and, rather than vulgarising it with more gilt jewellery, deftly adds fine antique gold and coral that ought to clash, but somehow just works.

German designer Jil Sander shows and manufactures much of her collection in Italy, which is her biggest export market. A committed minimalist, she has seen changes in the past five years. "Younger women's tastes veer towards quality and fabrics which feel good on the body - opulent minimalism, in fact. The media have spread these ideas among intelligent women globally but Italian women caught on early."

For many the gym has replaced the beauty salon. Christina Magara, Gucci's Paris press attaché, goes to the gym twice a week and likes a natural look, which means make-up infinitely subtly applied. Tall and rangy, she wears her company's clothes unconventionally.

This ease with their femininity comes, some of the women feel, from the appreciative attitude of Italian men who judge aesthetically, rather than socially like the English. "If an Englishman sees a woman in a short skirt and high heels he assumes she is not respectable," says Giorgio Guidotti. "An Italian will not care, as

long as she looks good." The usual reason given for this concern for appearances in both sexes is an Italian environment full of art and history. This is not convincing, especially for those living in workaday cities such as Milan.

Guidotti's less attractive explanation is probably nearer the truth. "Italy is very provincial," he says. "Even Milan is a series of small communities. Families do not move around a lot; everyone knows everyone else. Girls grow up vying with each other, wanting to look good because they see the boy they fancy on the way to school. It's pride and competitiveness."

The results are legendary but they can, it seems, be learnt. Laura Harris says her style has become more polished in her two years as a Milanese. Though her layered, skinny look could have been English, she consciously had on a neat mini-skirt instead of an exaggerated A-line and sleek knee-high boots instead of Dr Martens.

But she has not quite learnt all the little ways. She did not ask to see the sketch artist was making of her. Neither did Jil Sander. But every Italian subject asked to see her bella figura before even the rough was finished.

Flights to Milan courtesy of Air UK's new route from Stansted. Flights from £145 return.



Wanda Galtruccio, a member of an important Italian textile family, a private client of Versace in a pink Versace suit.



Alberta Ferretti, the designer, in her own wool gauze tunic under a black chiffon slip-dress with satin edging and antique diamond earrings.



Fiamma Ferragamo, who heads up leather goods and accessories for the family company, in a wool Ferragamo suit.

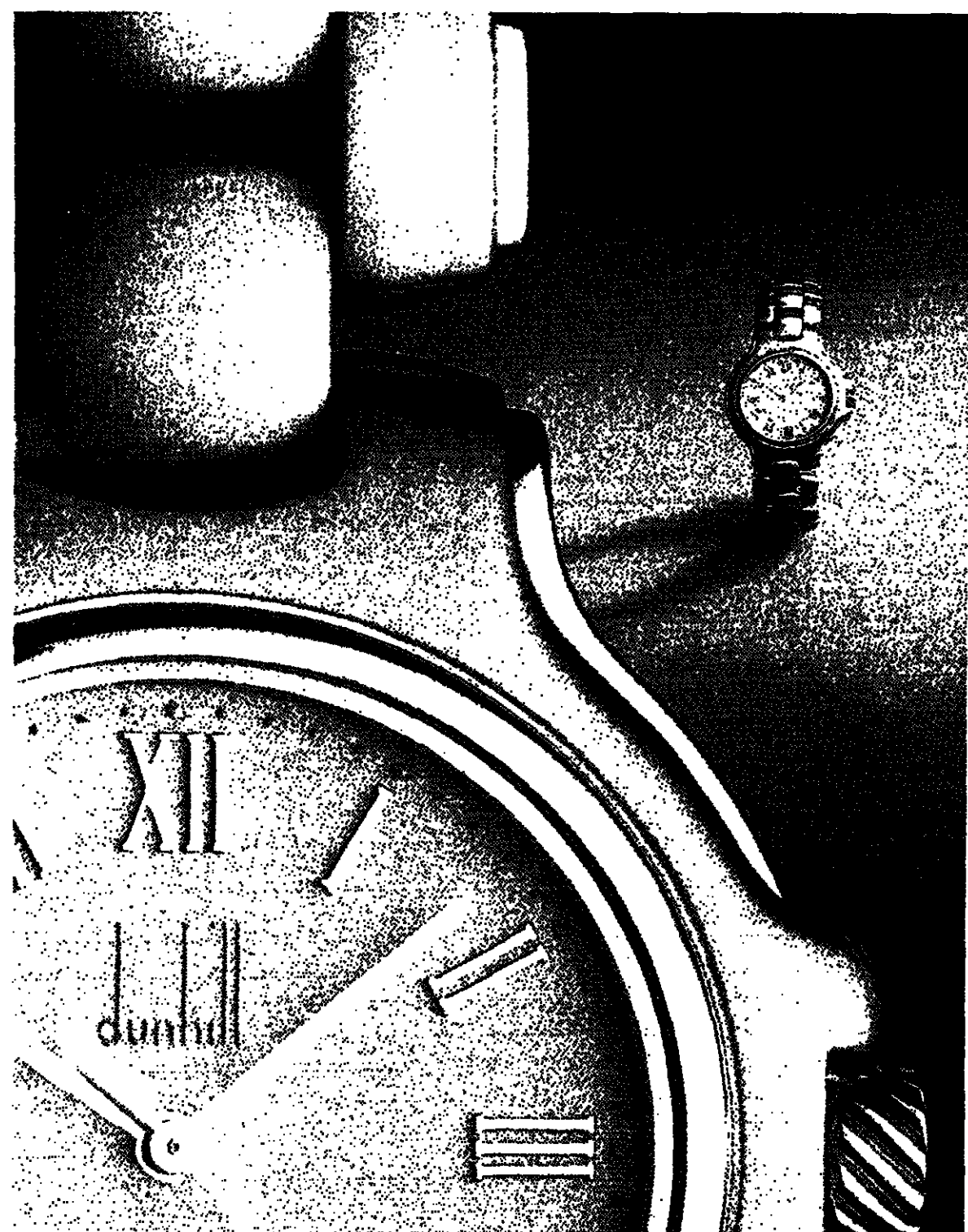


Laura Harris, fashion co-ordinator for Blumarine, in a black rib sweater, white cotton shirt and grey flannel kilt, all by Blumarine.



Jil Sander in slaty grey trousers, blue blazer and white T-shirt, all by Jil Sander.

## ALFRED DUNHILL

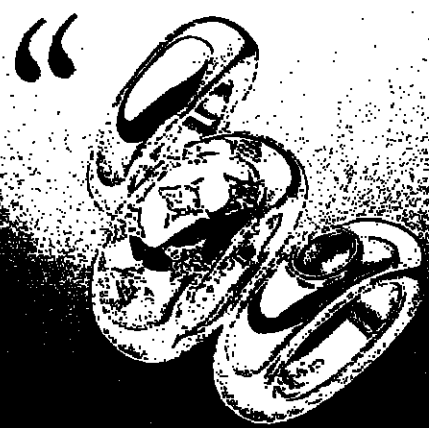


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## HOW TO SPEND IT

# Take a share in the drama of owning a racehorse

Lucia van der Post on why part of a horse need not cost an arm and a leg

**T**ime was when owning a racehorse was the preserve of kings, plutocrats, potentates, sheikhs and pop-stars. In other words, it was a conspicuous part of the way of life of the most conspicuous consumers in the land.

These days, however, owning a racehorse, or more accurately a part thereof, has become a much more democratic option. It is no longer the exclusive preserve of the seriously rich and can be enjoyed for an annual sum that need not amount to very much more than the cost of a car or a long-haul holiday.

The racing fraternity has laboured long and hard to find these new recruits. The budget of two years ago, which decreed that VAT could be reclaimed on both the capital and training costs, has effectively reduced the cost by 17.5 per cent and this, coupled with the fact that the old snobbish taboos are gradually being eroded, means that there is a new breed of racehorse owner around.

From nurses and builders to sub-postmistresses and civil servants, they are as diverse a bunch as can be found anywhere. The one thing they have in common is a love of horses and a desire to get closer to the world of racing than writing out a betting slip on a Saturday afternoon.

Like an actor who craves the hot lights and grease-paint, they want to be in the stands cheering on their very own fancy, chatting up the jockeys, sizing up the form, sharing in the tips and gossip of the saddling ring.

Unlike the Aga Khan or Sheikh Mohammed these new-style owners are seldom seen swapping anecdotes with the queen and they are happy to own a mere portion of a horse.

They belong to partnerships which, under racing authority rules, can never be larger than 12. For this they get almost all the fun that sole owners do.

They get to help choose the racing colours, to discuss intricate matters of training, to visit the stables, to discuss racing tactics and, most importantly for many, are allowed in the owners' enclosures at race meetings.

As the traditional land-owning

classes have become less involved in the sport, almost every trainer in the land has had to seek new patrons and hardly any of them get by without partnership-owned horses.

The new-style owner is seldom to be found at Ascot: National Hunt racing is less expensive for those working within a budget, while some, of course, prefer it. National Hunt racing is, in racing terms at least, a kind of counter-culture. It has its roots in farming, raising stock and hunting and at race meetings it shows.

Here are not the big hats and swanky frocks of the smart flat-racing season. There are no Aga Khans and Maktoums flying in from Paris and Dubai.

National Hunt racing is for fun, a hobby. Prize money is lower (on average £2,000 over hurdles where the young horses start and £3,000 over the jumps to which they graduate). And the male horses are nearly always gelded so there is no chance of a great payback at stud.

But against that, all being well, the racing life of a jumper is usually much longer – on average something like seven or eight years as opposed to two on the flat.

Buying into a partnership can be had these days for a rock-bottom starting price of about £1,200 a year in training costs and vet bills and an initial outlay of not much more – though if you are buying the equine equivalent of a Rolls-Royce your capital costs will be hugely different from those who are buying a Mini.

Two people with experience of sharing a horse are Alan and Sarah Waller, two senior administrators with the National Health Service. They say they are well-paid but would never describe themselves as rich.

They have a quarter share in Montagnard, a 10-year-old jumper. A builder owns a half and a racing journalist the other quarter. Montagnard is trained at Letcombe Bassett in Berkshire.

Alan got into racing because his parents took him racing as a child. "I had loved everything about it. I wanted to feel a part of that world. We started by leasing a horse that belonged to somebody who had lost all his money in BCCI. We didn't



Up on the downs, preparing for the National Hunt season

have much luck with it but it gave Sarah and me a taste for the sport.

"We enjoyed saying we owned a horse, we liked visiting it, checking on its form. We got to know the trainer and met lots of friends. Now having a share in Montagnard has increased the fun. It's a hobby for the whole family."

Another of the horses Mark Bradstock is training – Garston le Gaffe – is owned by 25 people in the village of Garston (for these purposes they turned themselves into a limited company, which is another route into horse ownership).

From the postmaster and mistress, a security guard and salvage consultant to an Irish County sher-

iff and a local solicitor, most of the village seems to have a share. The horse is the last racing relative of the great steeplechaser Arkle and he has not raced as much as Bradstock would have liked. But for the £10,000 it cost six years ago and the £10 a week each for training fees, the village has had a lot of fun. It has won a novice hurdle at Uttox-

ter and been placed more than a dozen times.

Vets' bills can make the real costs a little open-ended, however. Alan Waller is useful about the vet bills that Montagnard seems to be running up.

The National Hunt season is only just under way and the Bradstock stable has made a good start. Go Universal won at 12-1 at Cheltenham last week.

Paddy Whitby, assistant trainer at the Bradstock stables, believes that even those who could afford to fund a whole racehorse might have more fun by owning a 12th share in each of 12 horses – this offers twelve times the drama and 12 times the chance to win.

All the owners stressed that one of the most important aspects was to choose a trainer who was close enough to visit easily – being part of the training set-up was a large part of the fun.

They are all also at pains to point out that the rewards of owning a horse are seldom financial. For instance, something like 90 per cent of owners never get a win and 70 per cent never get a place in any one year.

As Alan Waller said: "All you need is two wins a season to break even with your training fees, or

three wins to cover all the costs." Or as another owner put it: "You have got to be prepared to take the rough with the rough."

And the Mills, owner of The Millright, warned: "There are the bad days, the endless disappointments, the driving all over the country to race-meetings – you have to be an optimist. But the good days, when your horse wins... then you know it's the sport for you."

It was George Raft who had a perfect explanation for how he got rid of his fortune. "Well, some went on women, some on gambling, and some went on horses; the rest I spent foolishly." If you feel like him, then racing could be for you.

■ For those who fancy giving it a whirl, Mark Bradstock has put together a proposal for a Three Horse Partnership. For a capital outlay of £12,400 and monthly training fees of £712.50 you get a 20 per cent share in each of three young horses, all five-year-old geldings. For a pamphlet including photographs and costings, write to: Mark Bradstock, The Old Manor House, Letcombe Bassett, Wantage, Oxon. Tel 0235-780730.

■ The Racehorse Owners Association 071-485 6977 publishes "The Thrill of Ownership" a leaflet which takes would-be owners through the stages from buying a horse to choosing a trainer. The British Horse Racing Board, 44 Portman Square, London W1, is another source of valuable information.



Trainer Mark Bradstock, left, and Nick Mills with The Millright, which won at 9-2 at Cheltenham last week

Lucia van der Post

## Sweet smell of skin-care

Lucia van der Post on a beauty products shop about to open

**J**o Malone has been tending some extremely high-profile faces for several years in her sweet-smelling flat near London's Sloane Square.

From Queens and Princesses to fashion editors and the *beau monde* every day, an impressively elegant troupe heads up her narrow stairs.

Jo used to stay up late mixing her own creams and lotions and her customers soon became addicted to them. For

some time they were sold only to private clients. But as word began to spread, and demand increased, Jo began to broaden the range and sell it to a wider public.

Next week Jo opens her own shop selling the complete Jo Malone range.

Conventional make-up is not on offer – the beauty products are entirely related to skin-care. There is a cleansing milk made from apricot kernel and avocado oil, a skin tonic with

juniper, a moisturising lotion with apricot, avocado and almond oil as well as UV screens, eye gel with apricot andloe, night cream with orange and geranium. All smell wonderful.

The girls in the shop have been trained by Jo to give proper skin-care advice, not just to sell bottles of products.

But as well as the skin-care range, the shop, all cream and white like an old-fashioned French perfumer's studio, will

sell sweet smells in a multitude of different packaging – bath oils, body lotions and colognes scented with basil and mandarin, nutmeg and ginger, muguet, Verbena from Provence, grapefruit and Verbena with spiced orange, and wild lavender with amber.

Then there are scented artichoke trees, bundles of scented wild lavender, pot-pourri smelling of orange and cinnamon, all beautifully packaged in simple solid glass bottles with chrome tops.

It should be a splendid source of Christmas presents – heart-shaped folding mirrors, scented candles and candle-holders, a sweet-smelling spray for the linen cupboard, as well as a small selection of old-fashioned linens.

The shop opens on Monday at 154, Walton Street, London SW3.

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Jo Malone in her new shop in London's Walton Street

Lucia van der Post

## Good-bye battery

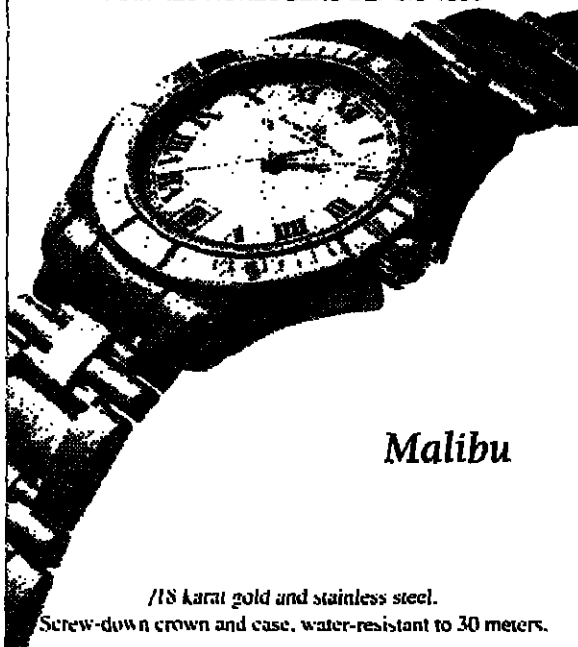


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## TELEVISION

## SATURDAY

## BBC1

7.00 *Linea*, 7.25 *News*, 7.30 *Praga*, 7.35 *Happy Birthday*, 7.45 *Marlene Marlowe* (Investigation), 8.05 *Albert the Fish* (Mystery), 8.30 *The New Adventure of Superman*, 8.15 *Live and Kidding*.

12.12 *Weather*.

12.15 *Grandstand*, introduced by Steve Rider, including at 12.20 *Football Focus*: Review of the week's international, 1.00 *News*, 1.05 *Golf*: World Matchplay, semi-final coverage from Wentworth, 1.45 *European Grand Prix*, The closing stages of practice in Jerez, Spain, 2.00 *Snooker*: Skoda Grand Prix, The third round from the Assembly Rooms in Derby, 2.40 *Golf*, 4.40 *Final Score*, Times may vary.

## BBC2

8.05 *Open University*, 10.00 *Chansley*, (English subtitles), 10.40 *Network East*, 11.10 *Style Today*, 11.50 *Fun 54* with Gary Norman.

12.20 *Film*: San Francisco, Melodrama focusing on the life and loves of a tough, independent saloon owner in the period leading up to the 1906 earthquake, Clark Gable stars (1936).

2.10 *Timewatch*, How divorce laws prior to 1989 discriminated against women who were often forced to endure humiliating ordeals in court.

3.00 *Film*: Rancho Notorious, Arthur Kennedy plays a cowboy seeking revenge for the brutal murder of his girlfriend, Orson Welles, co-starring Marlene Dietrich (1959).

4.30 *Snooker*: Skoda Grand Prix, David Vine introduces highlights of this afternoon's session from the Assembly Rooms, Derby.

5.15 *Let's Again*, Highlights from last week's edition of *The Late Show*.

6.00 *TOTIP2*, Archive performances from 1975 and 1984, plus Bryan Adams' first appearance as a policeman on *The Pops*.

6.45 *What the Papers Say*, John Williams reviews the week's press.

7.00 *News* and Sport, Weather.

7.15 *Assignment*, New series, Report on violent crime committed by children under 14 in America, where shootings are one of the main causes of death among teenage boys.

8.00 *The Director's Place*, Profile of film-maker John Boorman, focusing on his enduring fascination with Arthurian legend, and love of his adopted home in Ireland.

8.50 *Rain*, Poem by Fred D'Aguiar, providing an insight into the minds of young Rwandan soldiers.

9.00 *Knowing Me, Knowing You* - With Alan Partridge.

9.30 *Elizabeth R*, Spain prepares for war against England following the death of Mary, Queen of Scots.

11.00 *The Moral Maze*, A selected panel debates topical dilemmas, Last in series.

11.45 *Film*: Tokyo Drifter, Japanese thriller about a gangster forced to go on the run after being drawn into a vicious battle between rival hoodlums, Tatsuya Watanabe stars (1968), (English subtitles).

1.05 *Snooker*: Skoda Grand Prix, Further highlights of this evening's session from the Assembly Rooms in Derby.

2.05 *Fast Forward*.

2.35 *Close*.

## LWT

6.00 GMTV, 6.25 *What's Up Doc?*, 11.30 *The ITV Chart Show*, 12.30pm *Top TV*.

1.00 *ITN News*, Weather.

1.05 *London Today*, Weather.

1.10 *Champions' League Special*, A look ahead to next week's group competition, including Manchester United v Barcelona.

1.40 *Movies*, Games and Videos, Reviews of Disney book-of-the-week *The Lion King*, plus *Book of the Week* and *Star Trek: The Next Generation*.

2.10 *WCW Worldwide Wrestling*.

3.00 *Saint's Soccer Skills*, Ian St John continues to pass on tricks of the trade with the help of a celebrity guest.

3.30 *Burke's Law*.

4.35 *Cartoon Time*.

4.45 *ITN News and Results*, Weather.

5.05 *London Tonight and Sport*, Weather.

5.30 *Baywatch*, Part one, The Malibu Beach lifeguards fight for survival after a massive earthquake hits the area, David Hasselhoff and Alexandra Paul star.

6.10 *Gladstons*, Contenders from Kent, Stoke-on-Trent, Middlesbrough and Nottingham challenge the might of the music-busied TV warrior.

7.10 *Blind Date*, Cilla Black plays cupid to another group of hopefuls vying to win the heart of a potential partner.

8.10 *Family Fortunes*, The Burn family from Worcester and the Keenes of Cheshire compete for £3,000 in cash and a luxury season car.

8.45 *ITN News*, Weather.

8.55 *London Weekend*.

9.00 *Film*: Air America, Action adventure, starring Mel Gibson and Robert Downey Jr as maverick CIA pilots involved in drug-smuggling operations during the Vietnam War (1990).

11.05 *Film*: Fletch A lumber town is threatened by a forest fire started by an escaped convict, Adventure thriller, starring Eric Roberts and Virginia Madsen (1997).

12.50 *Love and War*.

1.20 *Top of Turf*.

2.15 *Get Stuffed*, ITN News Headlines.

2.30 *The Big E*.

3.15 *Get Stuffed*, ITN News Headlines.

3.30 *European Nine-Ball Pool Masters*.

4.35 *BPM*, Night Shift.

## CHANNEL4

6.00 4-Tel on View, 6.30 *Early Morning*, 6.45 *Stiz*, 11.00 *Goatland Football*, 12.00 *Sign On*, 12.30 *Goatland Football*, 12.30 *Sign On*, 12.30 *Goatland Football*, 12.30 *Sign On*.

1.00 *The One and Only Groucho*, Tribute to charismatic joker Groucho Marx, following his extraordinary career as movie star, author and game show host.

2.05 *Racing from Newmarket*, Brough Scott introduces coverage of the 2.20 *Lyclyde* Last Stakes, 3.00 *Tote Cresswell Handicap*, 3.35 *Other Double Memorial Stakes*, 4.15 *Other Double Memorial Stakes*, and the 4.45 *Bedford Lodge Hotel Handicap*, Commentary by John Oaksey, John Francome and Patsy Gibert.

5.05 *Brookside*, News Summary.

6.30 *Right to Reply*.

7.00 *Glastonbury: The Trip Continued*, Further footage from the music festival, featuring performances by Pulp, Scholastic and Inspiral Carpets.

8.00 *For Love or Money*, Actress and antique collector Honor Blackman joins Nicholas Ward-Jackson to present a guide to country house auctions, while writer Marina Warner seeks out the faded unicorn in art. Plus, a portrait history of the character as she appears in one example to its former glory.

9.00 *Brides of Christ*, Frances is treated as an outcast when the truth about her parents' divorce is leaked to the rest of the nuns, Australian drama set in a 1950s convent, starring Naomi Watts and Brenda Fricker.

10.05 *Rory Bremner: Who Else?*, Satirical sketches and commentary with the BAFTA-winning funnyman.

10.45 *Film*: Un Coeur En Hiver, A violinist sets his sights on a violin maker, but finds himself snubbed and falls under the romantic spell of his business partner, Romantic drama, starring Emmanuelle Béart, Daniel Auteuil, Elisabeth Bourgoin and André Dussollier, Part of the Cinema Cinema series (1992), (English subtitles).

12.35 *Late Lecture*.

12.45 *Herman's Head*.

1.15 *Let the Blood Run Free*.

1.50 *Wax on Wheels*.

2.30 *This is David Harper*.

3.05 *Packing Time*.

3.45 *Close*.

## REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

ANGLO: 12.30 *Movies*, Games and Videos, 1.05 *Anglo News*, 1.40 *Anglo News*, 2.15 *Anglo News*, 2.45 *Anglo News*, 3.15 *Anglo News*, 3.45 *Anglo News*, 4.15 *Anglo News*, 4.45 *Anglo News*, 5.15 *Anglo News*, 5.45 *Anglo News*, 6.15 *Anglo News*, 6.45 *Anglo News*, 7.15 *Anglo News*, 7.45 *Anglo News*, 8.15 *Anglo News*, 8.45 *Anglo News*, 9.15 *Anglo News*, 9.45 *Anglo News*, 10.15 *Anglo News*, 10.45 *Anglo News*, 11.15 *Anglo News*, 11.45 *Anglo News*, 12.15 *Anglo News*, 12.45 *Anglo News*, 1.15 *Anglo News*, 1.45 *Anglo News*, 2.15 *Anglo News*, 2.45 *Anglo News*, 3.15 *Anglo News*, 3.45 *Anglo News*, 4.15 *Anglo News*, 4.45 *Anglo News*, 5.15 *Anglo News*, 5.45 *Anglo News*, 6.15 *Anglo News*, 6.45 *Anglo News*, 7.15 *Anglo News*, 7.45 *Anglo News*, 8.15 *Anglo News*, 8.45 *Anglo News*, 9.15 *Anglo News*, 9.45 *Anglo News*, 10.15 *Anglo News*, 10.45 *Anglo News*, 11.15 *Anglo News*, 11.45 *Anglo News*, 12.15 *Anglo News*, 12.45 *Anglo News*, 1.15 *Anglo News*, 1.45 *Anglo 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# Coffee and the reason for living

When it comes to cafés, London yields to most of Europe, says Peter Aspdén

I probably take coffee too seriously. When I order my morning cappuccino, I keep a gully, but beady, eye on the hapless dupe whom I have randomly picked out to kick-start my day: just to check that nothing is amiss; that the amount, quality and pressure applied are as they should be; that the milk is not allowed to boil; that it is gently coaxed into the cup; and, finally, that no one dares sprinkle chocolate on top (a violent lurch across the counter coupled with a low, rumbling sound in Dolby stereo usually does the trick).

The afternoon espresso poses fewer problems, but vigilance is still required. It must be small, strong, thick, black as soot but topped with a subtle film of golden-brown which just catches the light as you swirl the cup in your hand.

Obsessive, I know, but then coffee is a way of life; an integral part,

dare I say it, of European civilisation. With frontiers ever shifting, holiday destinations turning into battlefields and finance ministers springing in and out of monetary systems as if in a country dance, what better way is there to define and defend this troubled continent than to celebrate the splendour of its cafés?

The will to while away the hours over a cup of Arabia's finest unites Paris, Rome, Madrid, Athens, Amsterdam - every European megalopolis which prides itself on cultural vitality and élan. All these cities understand the creative link

between intellectual fertility and the coffee house. But London, alas, cannot count itself among them.

From Potsdam to St Petersburg, as we speak, brilliant minds are shaping philosophies for the new millennium in a glorious haze of caffeine-charged inspiration, lucid as laser-beams, while the British can only sup their placid plums of mild-and-bitter and dream about village greens and the 19th century.

Over-stating my case? Imagine the scene: Jean-Paul Sartre and his sidekicks are meeting for a few hours of reflective debate at the Jaffa and Firkin. It is a sultry, crepus-

cular evening, the master is at the bar: "Ah, Simone, bonsoir! What's your poison?"

"I'd love a pint of Ruedes, please. Jean-Paul. Shall we sit down?"

"Well, it's a bit crowded. Why don't we join the hundreds of people standing outside, spilling beer all over each other because their glasses are too full, making sure we don't take up too much of the pavement, precariously balancing our pork scratchings against our Heidegger texts and invent a new philosophy?"

Hell really is other people when you have to fight your way into a

London pub in the summer. Has it not occurred to anyone that Britain's cultural life has been crippled as a result of its refusal to embrace the bean?

To be fair, things are changing. It is possible to find the odd part of Soho where one can spend an hour or two in relative comfort, drinking respectable coffee and imagining, for a moment or two at least, that there is revolution in the air.

And the city which never goes to sleep (because it never properly wakes up) is actually at the forefront of an exciting coffee-related development - the Internet café.

Cyberia ("the world in a coffee cup"), just behind Tottenham Court Road, is a brand new concept in customer service, where you can sit in front of a screen and surf on the super-highways, as it were, communicating with enthusiasts all over the world while nibbling a croissant and sipping the golden liquid.

I tried it: the spirit of intellectual inquiry knows no technological boundaries. But when it comes to information super-highways, I find it quite hard to leave the hard shoulder. I wanted to send out a message asking if anyone wanted to set a new agenda with me for the

post-historical world, but I got stuck in the England football team for Wednesday's international against Romania. In other words, I used it exactly like a newspaper, which I know is my problem rather than Cyberia's, but I cannot honestly see it catching on. Are people not meant to talk to each other in cafés, or is that old-fashioned?

To idle away at a pavement café is more, much more, than a blissful waste of time: it is an act of defiance. It says to all those around you who are buzzing to work or racing home: Wait. There is more to your lives than this. Relax, and think about the world in a different way. Smoke a pipe, write a novel, argue about the existence of God. It is part of our ancestors' rich heritage, and it is the reason life is worth living.

I probably take coffee too seriously.

Who is Doris Lessing? By reputation, of course, she is the famous writer. To meet, she is a woman of seductive frankness. According to the calendar, she is 75 years old next Saturday.

Lessing herself says she is several people. As Doris Taylor, a fraught and sensitive child in Southern Rhodesia, she took cover behind a mask called "Tiger", the bouncy character from *Winnie-the-Pooh*. Was Tiger still around, I asked her? "Oh, she emerges from time to time, usually when I'm in false positions and I need protection. Out she pops."

Is the person she's protecting in this room now? "My real self is an observing person and somewhat solitary person. I would say, even when

there are a lot of people around."

And when you come to observe yourself...?

"Ah," she interrupted, "but we are not just one person at all. We're composites of people. I'm much more interested in the different kinds of people inside one's skin."

The first volume of her autobiography, which comes out on Thursday, is entitled *Under My Skin*.

So who are these various Doris Lessings? The first, she said, is *The Observer*, "a

defended observation post", who seems to do all her remembering for her. A second

is *The Hostess*, a well-behaved person who "adores cooking and having little evenings".

"And then there's the one I totally disapprove of, which is the unhappy child that is sorry for itself. She is an immensely self-pitying creature."

The autobiography started as a defence against the "fantasies" and "unbelievable inaccuracies" (she gave examples) of biographers and interviewers.

Then it became interesting. But to relive her childhood had been painful, she said, and gave her nightmares.

Was it your third person who had the nightmares?

"You tell me who dreams before I answer that. Who does the dreaming? No, this is a serious question. How do we know it's not different people doing the dreaming? I mean, the older I get - forgive me for that boring remark - the more I don't know, the more questions there are."

I had arrived with my own hypothesis (or fantasy): that Doris Lessing, twice married, twice divorced, who left two children in Africa and brought her third to London, could be explained as the emotional victim of her mother.

She agreed that her mother, Emily, tried to bind her "with bands of steel" and she had to fight her to get out from under. "She was a very talented woman. She could have been a musician. She was very efficient, immensely social, very clever at school. But she found herself nursing a very sick man" (Alfred Taylor had lost a leg in the first world war) "stuck in the middle of the bush. She wanted me and my brother to live her life for her."

Lessing's daughter in Africa has two girls. Her older son, whom she described as brave and romantic, never married and died of a heart attack two years ago. Her son of the second marriage, who lives near her in London, is also unmarried. She resisted further questions about him. The children of the famous had enough to put up with, she said.

When I asked her if she had been a possessive mother in her turn, she said absolutely not. "Because I'm too much of an egotist. I'm always thinking about my next book."

Are parent-child relations a kind of curse?

"Yes, they are. Much better if we didn't have any parents at all. I remember saying so, often and loudly," she laughed.

My hypothesis was looking increasingly ragged as Lessing went on to explain how her life had also been shaped by the suffocation she felt in a colonial community. "It was provincial and narrow and immensely self-satisfied. And of course white superiority... it was horrible. I hated it."

More important still, she said, was the overriding influence of the first world war, an event that had brutalised generations.

"You have miseries thrust at you day and night. You have the dead soldiers and the 'Angels of Mons' and you have star-shells and No-Man's-Land and corpses and the whole lot, day and night."

"It meant I was brought up with the rage of a soldier who

questions during nearly two hours in which she talked about herself with a critical detachment far too passionate to be called clinical. Sitting calmly - almost motionless - in a deep sofa she seemed both forceful and vulnerable. She was tireless, inquisitive, intense. I left exhausted.

I had arrived with my own hypothesis (or fantasy): that Doris Lessing, twice married, twice divorced, who left two children in Africa and brought her third to London, could be explained as the emotional victim of her mother.

She agreed that her mother, Emily, tried to bind her "with bands of steel" and she had to fight her to get out from under. "She was a very talented woman. She could have been a musician. She was very efficient, immensely social, very clever at school. But she found herself nursing a very sick man" (Alfred Taylor had lost a leg in the first world war) "stuck in the middle of the bush. She wanted me and my brother to live her life for her."

Lessing's daughter in Africa has two girls. Her older son, whom she described as brave and romantic, never married and died of a heart attack two years ago. Her son of the second marriage, who lives near her in London, is also unmarried. She resisted further questions about him. The children of the famous had enough to put up with, she said.

When I asked her if she had been a possessive mother in her turn, she said absolutely not. "Because I'm too much of an egotist. I'm always thinking about my next book."

Are parent-child relations a kind of curse?

"Yes, they are. Much better if we didn't have any parents at all. I remember saying so, often and loudly," she laughed.

My hypothesis was looking increasingly ragged as Lessing went on to explain how her life had also been shaped by the suffocation she felt in a colonial community. "It was provincial and narrow and immensely self-satisfied. And of course white superiority... it was horrible. I hated it."

More important still, she said, was the overriding influence of the first world war, an event that had brutalised generations.

"You have miseries thrust at you day and night. You have the dead soldiers and the 'Angels of Mons' and you have star-shells and No-Man's-Land and corpses and the whole lot, day and night."

"It meant I was brought up with the rage of a soldier who

felt that he had been betrayed - and he wasn't unique, that's the point. He had total contempt for the British government and a kind of inbred belief that any kind of authority was crooked."

"This was probably in the long run more important than my mother, who, after all, I got away from."

When I asked her about her marriages and suggested her life had been "rackety", she scarcely blinked.

"I was too young to be married," she said simply. "I was really psychologically infantile. I was like a bright competent, efficient girl, that's what I was, in both marriages. It was much better with my poor old Gottfried (Lessing, a Russian-born German refugee and commit-

ment of recording life meant there was less time for living it."

In her sixties, Lessing was struck down by inexplicable grief. "This wasn't depression - I know the difference - and I don't know what it was about. A most appalling and terrible grief and there was no reason for it."

The Observer added: "Why is it that an emotional condition makes your heart physically painful? Why is it that your heart feels as if you'd just like to pick it up and throw it over a cliff when you're unhappy? This is an odd thing, surely, when you find yourself taking aspirin for heartache... This is crazy." She thinks there is a link between homesickness, exile, being in love, and death.

Why is she a writer? Because she always was one. She had to do it. I asked what that meant.

"I think it's some form of psychological balancing mechanism, actually. If you are a writer, by definition it seems to me you're pretty neurotic. And the whole writing business is some way of coming to terms with it."

Writing's not a job, I said. "Oh yes it is. What is a job then?"

Writing is an occupation, a sort of therapy.

"That's one way of looking at it. You make it sound almost totally self-indulgent. I mean, other people quite like what you write, sometimes."

Do you do it for that?

"No. Because you have to. It's what you are. I would have said it's a necessity. It's a need to... to understand. Or maybe it's a need for order, as I've been wondering recently, imposing order on chaos. You see, you're making it too intellectual."

Novels were invaluable as information, she said, a fact

not properly recognised. "A great deal of our knowledge of the world and our fellow human beings comes from literature." She described a businessman friend who whenever he was going to a new country would go to the library and take out all the novels written about it.

Do you feel you have had an influence on the world? "Yes, I have had a small influence. Not enormous."

What has it been?

"I was one of the people who changed attitudes about what was going on in southern Africa. And I think I've changed attitudes about how men look at women."

"Only last week I had a letter from a man in Mexico who had just read *The Golden Notebook* and said he'd no idea women ever talked about anything but husbands and babies. Well, this kind of thing's quite cheering, really."

Is old age a nice place to arrive at?

"I see things differently. It's a continuum. But I do regret the lack of energy. You'll suddenly find energy leaking out of your fingertips and toes for no reason whatsoever. This is not nice."

"But I don't mind being old. It's a question of what you expect. I have a very distant view of myself and life. You know. You get more and more detached about yourself, particularly if you write an autobiography and know it would have been quite a different book at 50."

The most important thing in Lessing's inner life has been her 30-year-long study of Sufism. Predating Islam, with which it is usually associated, it is an intuitive search for knowledge akin to Christian mysticism but not itself an "ism". Nor is it, Lessing said emphatically, a cult or a religion. "God forbid! I loathe religion."

As the author has herself written, part of the search involves seeing through what the Sufis call "the commanding self", a false personality created by parents, society, the era. Inside is the small and precious real self waiting to be reached.

She is trying to become a Sufi herself. She must know, therefore, that wrapped inside the many Doris Lessings there is, under the skin, just one.

Private View/Christian Tyler

## Author of many characters



Trevor Humphries

The changing-room chant of Magdalene College Rugby Club, traditionally a generous supplier of university and international stars, will resound pompously in the ears not only of their opponents, but also among the latest Oxbridge-knockers.

To stagger out of dinner with Sir David Calcutt, the retiring Master of Magdalene, and witness his benign indulgence of 15 beefy men in black tie lined up to urinate on a herbaceous border, would horrify the Oxbridge-knockers even more.

There are times when Oxbridge lays itself open to its detractors; it becomes almost a parody of *Brideshead* and the world of wing collars, cavalry twill, and sherry with the dons.

But anyone watching the arrival of freshers at Oxford and Cambridge this week would be bound to conclude that while old buildings survive, precious little survives of the mannered student lifestyle.

So far as external appearances go, these are the same young people who are rolling up to universities and colleges all over the country.

If rugby is an index of typical background, then it ought to be pointed out that the mainstays of recent Cambridge teams have come from a Swansea comprehensive school.

Playing rugby with style and commitment might be called arrogance by some, pride by

## Truth of the Matter/Nigel Spivey Oxbridge arrogance

others. But to perpetuate the mythology of some cabalistic, public-school, backward-looking Oxbridge is pure prejudice, and it is a prejudice to which Walter Ellis (author of *The Oxbridge Conspiracy*) must confess.

To chronicle the invasion of public life by Oxbridge graduates is nothing new. So long as glaring exceptions (John Major, Richard Branson, et al) are overlooked, it is more or less accurate: a predictable, gratifying state of affairs.

Academically, it arises directly from the recruitment of students with the best A-levels. Whether those students come from state schools or private schools is, to an extent, beyond Oxbridge control. It is worth noting, however, that King's, the Cambridge college which has done most to discriminate positively in favour of state-educated students, is enjoying conspicuously good final results.

The fact that Oxbridge graduates dominate theatre, television and so on is equally easy to explain. I taught for three years at a "provincial" university, and during those three years not a single theatrical

production was staged by the students there.

At Cambridge, by contrast, one can hardly move for the fly-posting of latest attractions. And play is taken as seriously as work by so many at Oxbridge that it is no wonder they go on to capitalise on the experience generated by the self-driven engine of drama and other enthusiasms.

But Walter Ellis nurses more than envy. His contention is that Oxbridge traditionalism is a "narcoleptic" and that under its influence "Britain has been sleep-walking into Europe's second division."

It is tempting to respond to this charge of institutional inertia with the boasts we usually reserve for tourists - that Trinity College has given the world more Nobel prize winners than the whole of France, that the shifting of Oxbridge brains across the Atlantic is one of Britain's best export achievements, etc.

But perhaps more prosaic data are in order. The quickest way of registering just how technocratic Oxbridge is now would be to consult a list of recently-completed doctoral dissertations: about 75 per cent

of these are highly technical scientific studies.

Norman Tebbit's 1983 pledge to take away public support for those wishing to study tribal habits in the Upper Volta has been largely fulfilled. It is now extremely difficult, at Oxbridge and elsewhere, to secure a government grant for any doctoral research in the humanities.

The dynamics of the job market are utterly misunderstood by Oxbridge knockers such as Ellis. Currently, many Cambridge graduates go on to take a further degree: a measure of the global village requirement for highly specialised skills.

Commercial and management consultancy work is the next most common destination, with law and accountancy following. According to last year's figures, the best degree you could do in terms of employment prospects was manufacturing engineering; the worst, Anglo-Saxon, Norse and Celtic. But a greater percentage of classicists secured jobs than chemical engineers.

Probably the most indicative statistics concern the physicists. Of the 100 or so graduates in 1993, more than half went on to further research.

Fewer than 10 per cent went into industry, and barely 1 per cent into teaching. There may be something wrong for Britain in that pattern: but, if it is a problem then it is beyond Oxbridge control.

Oxbridge-knockers in the past devised league tables to test efficiency. Oxbridge responded by coming top, with Imperial College London joining the "golden triangle" of lucratively high research ratings.

So long as success brings money, it is hard to see how Oxbridge will be dislodged from the top.

In spite of this, there are problems looming: the present government's hostility towards paying the college fee - a supplement which helps to fund the supervision or tutorial systems at Oxbridge, both prodigal of time and money - may yet destroy an educational method admired everywhere in the world except Whitehall.

Some voices predict that the ultimate Oxbridge answer will be to follow the Americans and go private: if Ellis wants to see real elitism, that is what they will get - high-quality education for rich kids only.

We hope it never happens. There is no need for British self-denigration to extend itself to Oxbridge. Arrogance, arrogance. We want not less, but more arrogance.

Nigel Spivey is editor of *The Cambridge Review*

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FINANCIAL TIMES

# Pink Snow



Amie Wilson reports



Challenge of the slopes  
Is it really so bad?

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